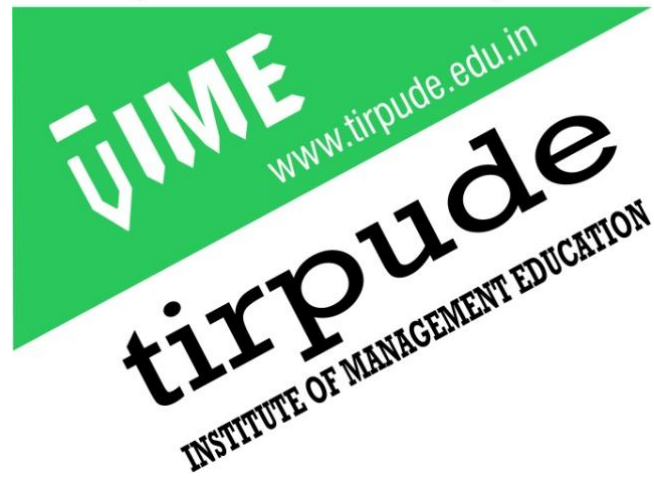


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***Changing Trends and Paradigms  
For Business Excellence***

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# ***An Evolution of Talent Management- Succession Planning***

**Bhawna Sharma**

*Freelance Trainer & Visiting Faculty*

## **ABSTRACT**

Talent Management refers to the anticipation of required human capital for an organisation and the planning to meet those needs. Succession planning has, by contrast, a bias towards satisfying organisation requirements. There is an assumption that failing to satisfy the majority of requirements from internally developed personnel is unlikely to provide the optimally effective organisation.

This generation of talent management practices and solutions and planning are largely driven by economic evolution, demographic changes, and technology advancements. These factors are dramatically influencing the way people work, the way companies are organized, and the way talent is managed.

**Keywords:**-succession planning, talent management, deployment, HRIS, competency, culture.

## **INTRODUCTION**

For organizations faced with more demanding leadership requirements in a changing, more competitive business environment, the installation and use of a process for succession planning is the most important human capital investment they can make.

From a talent management standpoint, employee evaluation concern two major areas of measurement **PERFORMANCE** and **POTENTIAL**. Current employee performance within a specific job has always been a standard evaluation measurement tool of the profitability of an employee. However, talent management also seeks to focus on an employee potential, meaning an employee future performance if given the proper development of skills and increased responsibility.

A new model for managing the overall "talent management" of a company is now an integrated approach rather than a separate, unconnected succession process only dealing with a small, executive population within a company. Succession planning has now become one of the many integrated components of a large scale initiative to ensure that all aspects of human capital are being managed within an organization. These "new" reasons for succession planning often require consideration of a computerized system to handle extensive data and automate procedures, but first the "process" involved in succession planning needs to be defined by the organization within the context of talent management.

## **LITERATURE REVIEW**

**Talent Management** is the science of using strategic HR to improve business value and to make it possible for companies and organisations to reach their goals. Everything done to recruit, retain, develop, reward and make people perform forms a part of talent management as well as strategic workforce planning. A talent management strategy needs to link to business strategy to make sense.

**Succession planning** is concerned with, identifying posts that are critical to success and how best to satisfy future requirements. Developing strategies to determine the optimum mix of internal and external recruitment.

The next generation of talent management practices and solutions are largely be driven by economic evolution, demographic changes, and technology advancements. These factors are dramatically influencing the way people work, the way companies are organized, and the way talent is managed.

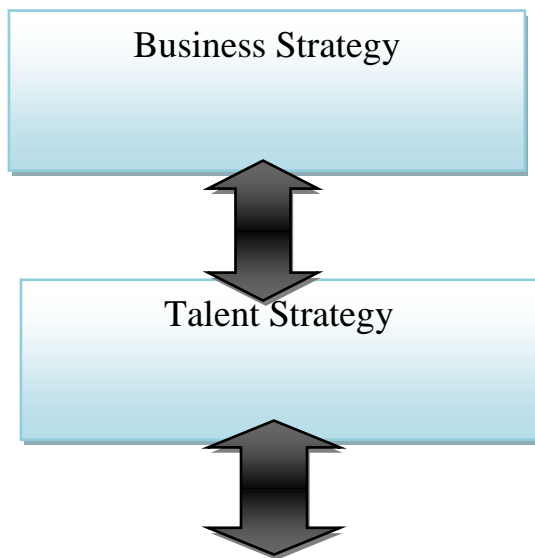
## **BACKGROUND**

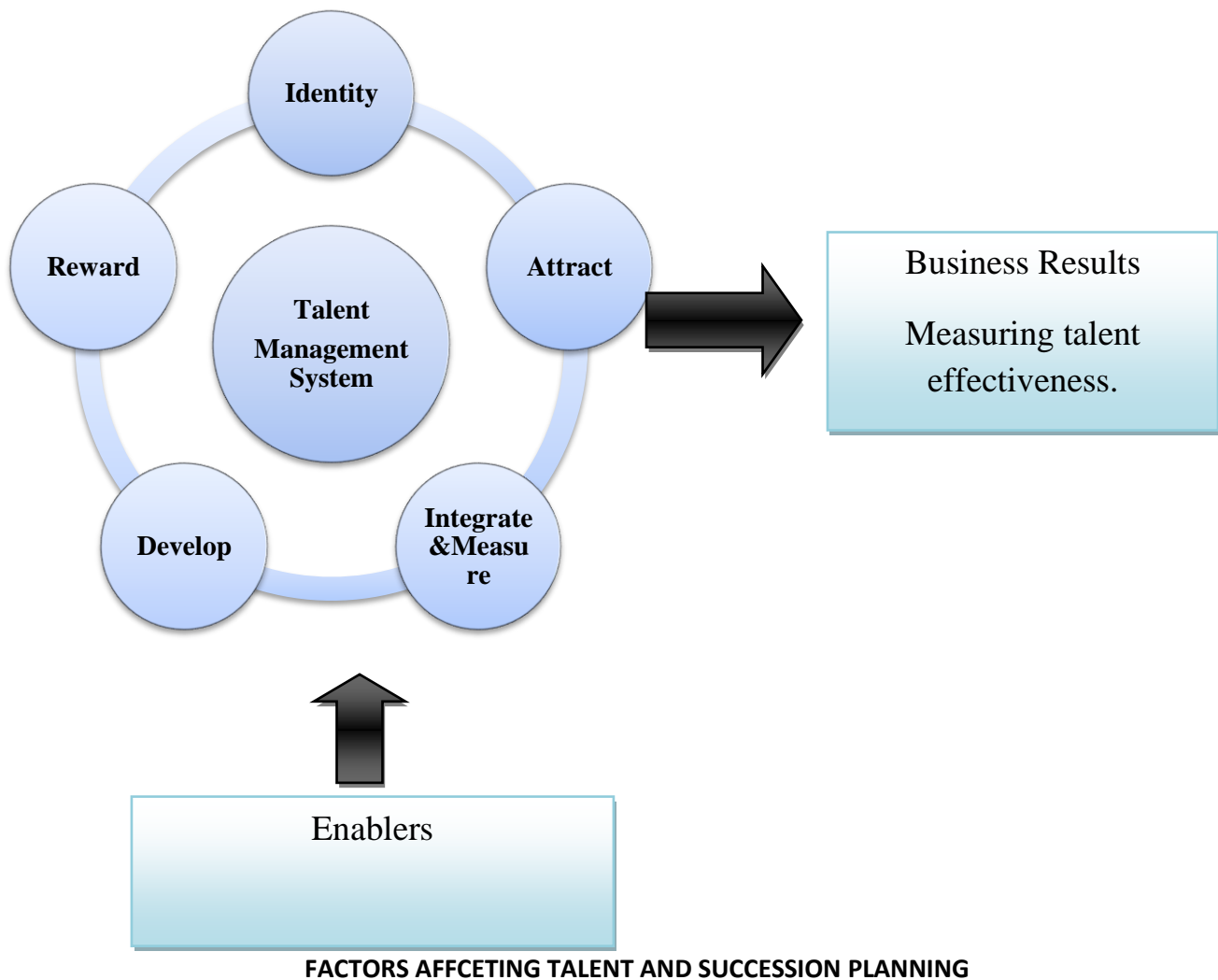
All organisations, whether in the private or public sectors, need to be able to find people with the right skills to fill key and top leadership jobs. This process needs to be managed, and traditionally, large blue-chip companies ran highly-structured, mechanistic, secretive and top-down schemes aimed at identifying internal successors for key posts and

planning their career paths to provide the necessary range of experience. These schemes worked reasonably well in a stable environment where structures were fixed and careers were long-term.

But with growing uncertainty, increasing speed of change in the business environment, and flatter structures, succession planning of this sort declined in the 1990s. How could one plan ahead, it was argued, for jobs that might not exist next year? One apparent result was that more and more people came to be appointed to top jobs from outside organisations. A further problem with traditional succession planning was that it failed to take account of non-managerial roles – a brilliant scientist, for example, who might be crucial to the future of the organisation and who wanted to stay in a research role. In a climate of growing skills shortages and lack of confidence in the leadership potential of the existing workforce, interest in succession planning has revived.

But the new succession planning looks quite different from the old version, with a broader vision and far closer links to wider talent management practices. This white paper looks at the main features of modern succession planning and the role of the HR function in the process.





The Major **Economic Factors** driving changes in talent management are:-

- **The knowledge economy.** The transition to a knowledge economy has transformed the way we value companies. Talent is now a required strategic asset. Key changes in the future include a continued blurring of the line between inside and outside talent that will result in an expansion of the talent management scope.
- **Globalization.** European expansion is well-known; the top expansion prospects for global companies now include China, Russia and Eastern Europe, Mexico and South America, and the rest of Asia—not the usual suspects. This continued expansion provides both challenges and opportunities around talent utilization, diversity, and risk management.
- **Skills gaps and structural unemployment.** An ever-increasing pace of change means organizations will face more structural unemployment challenges and skill gap issues. As a result, reskilling and continuous peer-to-peer learning cultures will become increasingly important, as will the ability to rapidly and accurately identify current skills and talent in the organization.

The **Major Demographic Factors** driving changes in talent management are:-

- **Generational geographies.** There are significant demographic changes are happening in world market, where population growth rates and aging populations are poised to stifle local economies. The ability for organizations to successfully tap into global talent or effectively move talent from areas of abundance to scarcity is becoming a strategic issue.
- **Longer lifespan.** The aging of the global workforce is only half of the story. Increased health and longevity mean that seniors are working longer, enabling organizations to keep experienced team members into their retirement years. But it also complicates workforce planning and raises generational challenges related to long-term succession planning.
- **Workplace diversity.** Workplace and team diversity is increasing, principally fuelled by globalization and demographic changes. A more diverse pool of talent affords new opportunities such as hiring workers who are underrepresented in the workforce of a particular country to gain competitive advantage. For all the benefits of diversity, it also can carry risks related to team cohesion, cultural bias, and initial productivity.

The **Major Technology Factors** driving changes in talent management are :-

- **Increased expectations.** Technology advances are increasing exponentially. As candidates and employees adopt new gadgets and technology in their personal lives, they will increasingly expect similar tools and levels of empowerment in their professional lives. They will judge employers by their commitment to employee enablement and the company's ability to quickly transition consumer tech to enterprise tech.
- **Digitization.** Over the past decade, employee talent data has been digitized and integrated into comprehensive talent profiles. Techniques such as attribute matching and recommendation technologies can be applied in talent management to find and match candidate or employee profiles that meet business needs.
- **Telecommunications.** With the increase in the market penetration of smart phones and tablet devices, a significant portion of the world's human potential will have access to rich Web and application experiences from anywhere. This enables organizations to source and collaborate on knowledge work with any part of the world, tapping into a global talent pool.

The other **factors** found typically in **Successful Succession Planning** initiatives are:-

- Senior leaders are personally involved.
- Senior leaders hold themselves accountable for growing leaders.
- Employees are committed to their own self-development.
- Success is based on a business case for long-term needs.
- Succession is linked to strategic planning and investment in the future.
- Workforce data and analysis inform the process.



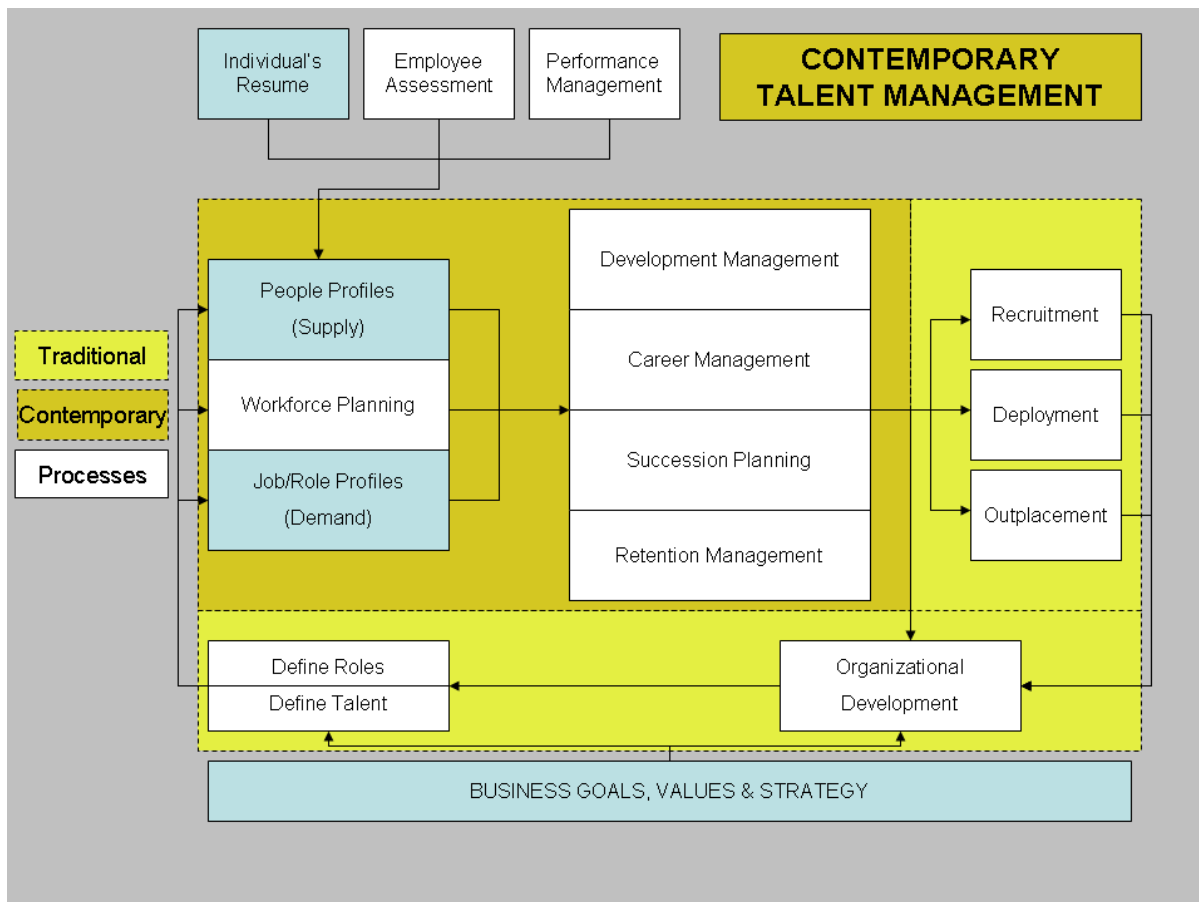
- Leadership competencies are identified and used for selection and development.
- A pool of talent is identified and developed early for long-term needs.
- Development is based on challenging and varied job-based experiences.
- Senior leaders form a partnership with human resources.
- Succession planning addresses challenges such as diversity, recruitment, and retention.

### Talent Management A New Model

A new model for managing the overall "talent management" of a company is now an integrated approach rather than a separate, unconnected succession process only dealing with small, executive population within a company. Succession planning is now one of the many integrated components of a large scale initiative to ensure that all aspects of human capital are being managed within an organization.

These "new" reasons for succession planning often require consideration of a computerized system to handle extensive data and automate procedures, but first the "process" involved in succession planning needs to be defined by the organization within the context of talent management.

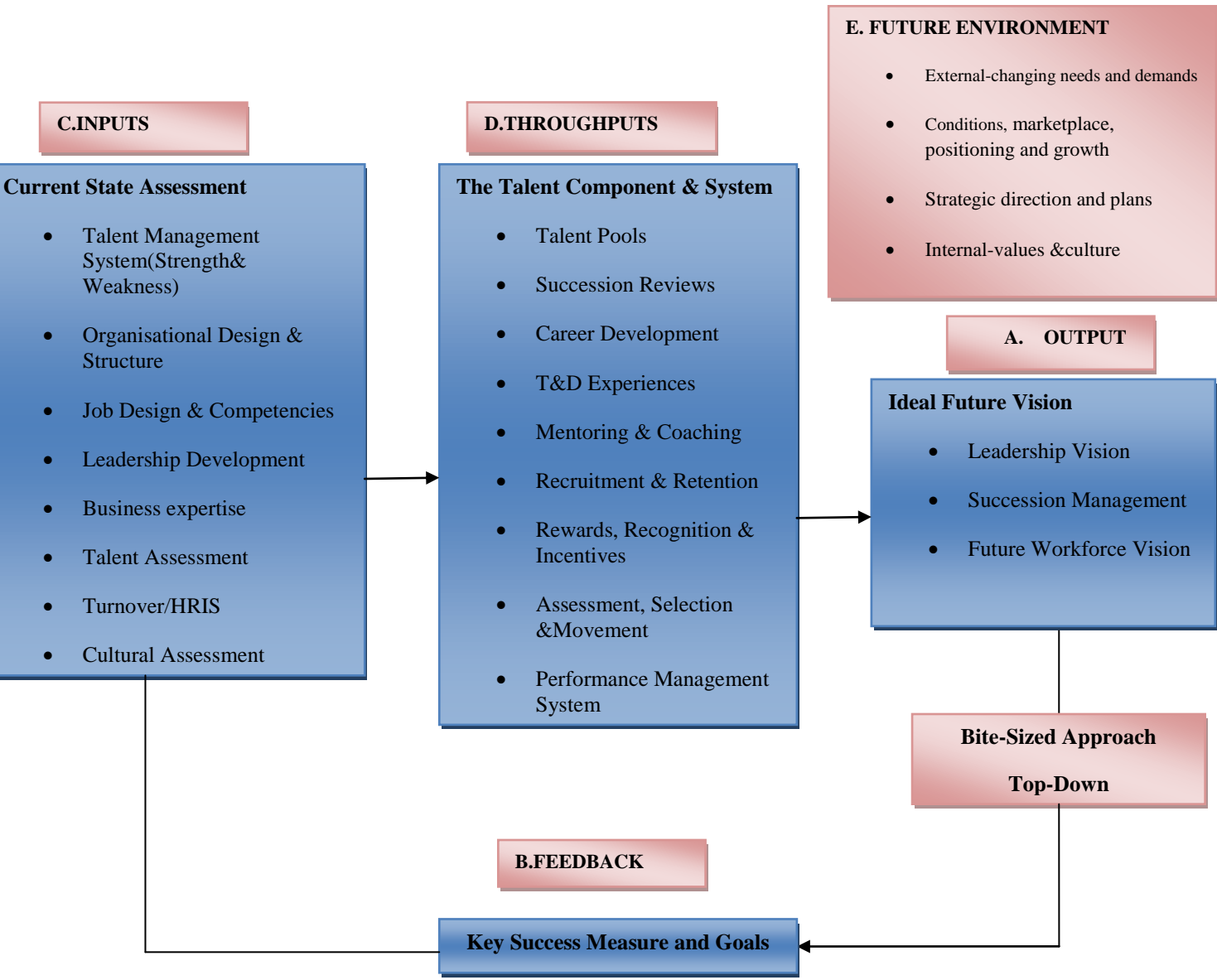
The figure below is the new model of talent management. The major components of strategic staffing of which succession planning is a special case. In order to understand how succession planning should work as a process, we need to examine the impact and connection of the other processes



The talent management process comes directly from the employee or from their manager. It is important in a succession planning system to know the employee's mobility, that is, would they move (and where, e.g., locally, internationally) for another position and under what circumstances (e.g., for a promotion or a lateral assignment). Data like career or position interests is also required. Normally, this information is only available directly from the employee. Therefore, the requirement for employee and manager self-service is paramount to support such an integrated process and system. Once an employee understands the need and use for such information, employee self-service allows them to keep this information up-to-date rather than requiring HR to enter the data.

It is necessary to determine exactly the extent of viable data within the organization's HRIS. The "capability" for extensive data is within the HRIS; in most organizations it is found limited population of that data. In addition, data may be old or incomplete. Therefore, a decision is necessary as to which data will be sourced from the HRIS and which data will be kept up-to-date using the self-service component of the talent management system. One easy way to determine this is to produce an employee resume from the current HRIS. Typical resumes contain data such as education, external work history, language skills, etc. If there is a method for employees to keep this information up-to-date in the HRIS, that data should be fed nightly into the talent management system. However, in most cases, for use in a succession planning process, a manager would be very unlikely to use a resume as generated from a HRIS. In most cases, the resume is too detailed and not in the more generalized form used.

# Talent and Succession Management

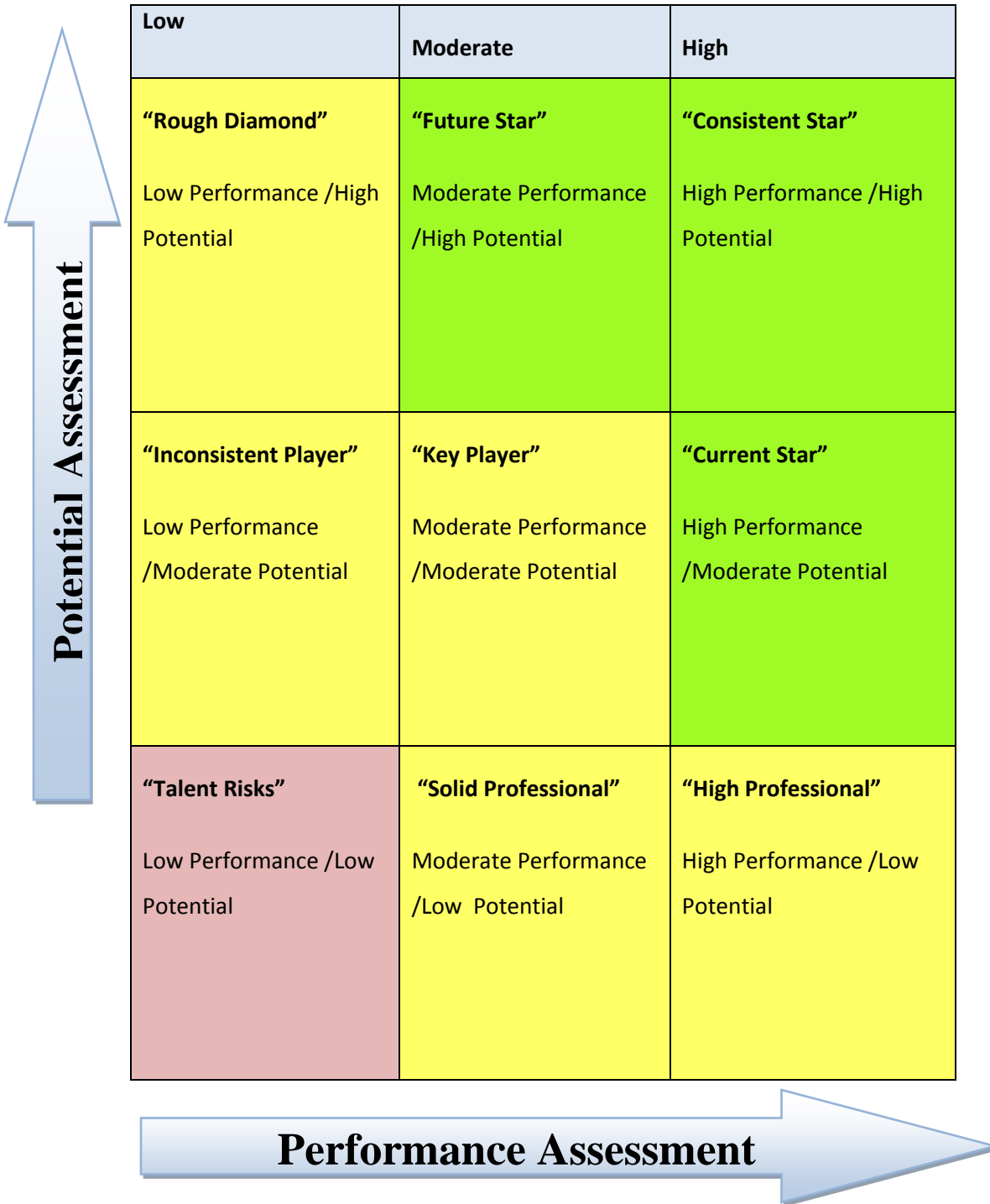


**Talent Management** is the strategic components of workforce planning -- the assessing of current supplies of qualified employees and comparing that supply to the project demand for employees at some future time. The workforce planning is linked to the overall business strategy of a company with the implied demand for human capital resources. The output of the workforce planning process will drive the number and type of resources required. In turn, the HR organization then can determine the necessary competencies for the upcoming demand and create the necessary internal development planning programs to be used on existing employees. These new competency models can be used in the employee assessment process to determine how well the existing workforce demonstrates a proficiency in those competencies. At the same time, HR defines roles and positions in terms of the new competencies and the required level needed in new and revised positions. Once employee assessments and position profiles are available, competency gap analysis indicate those employee competencies requiring development. Organizations may find that the competencies required to support the growth and strategic plan of the company may not be available internally. This then is the link to the need for external recruitment to acquire the necessary skills for upcoming position openings. Performance management processes often include setting goals (linked to the overall company goals and called cascading goals) for the review period as well as an assessment of competencies. In this, competencies are used in the process that should be consistent with the core competencies used throughout the talent management processes. The pool of potential successors for a critical position within the company need to be drawn from employees being developed using the same basic competencies as those required for the critical position. In addition, an important source of information on which to make succession decisions would include the effectiveness of employees on the current and prior jobs. The results of the performance reviews, within an integrated talent management system, can provide that valuable information. Employees also provide input into their desired career plans (which also can use the competency models for desired positions).

**Succession planning** requires the existing employees to fill pools of potential successors. In an integrated process such as talent management, the use of consistent competency models, that also drive employee development and career planning, ensure that employees in those pools are in synch with the requirements of higher level positions that are managed by the succession planning process. When the succession planning process identifies positions which cannot be filled by internal candidates because the lack of qualified candidates or because "new" leaders are required, recruitment becomes an integral part of the succession planning process. Recruitment and employment are also used throughout the organization to acquire talents and skills unavailable internally. In the process of doing succession planning reviews, the process sometimes identifies a mismatch between current employees and the requirements of a position. It also can identify employees who have peaked and have little or no chance to advance to a higher level. In many cases, good, solid employees are absolutely essential at every level for the development of the organisation and also developing future leaders. Those positions cannot be held indefinitely as it is critical to move employees through

these positions to utilize the developmental opportunities. In these situations, outplacement is often necessary to move people out of the organization. *So, it can be seen that all aspects of the talent management model come into play when considering a succession planning process.*

**TALENT MANAGEMENT -9 BOX MATRIX**



From a talent management standpoint, employee evaluation concern two major areas of measurement *PERFORMANCE* and *POTENTIAL*. Current employee performance within a specific job has always been a standard evaluation

measurement tool of the profitability of an employee. However, talent management also seeks to focus on an employee potential, meaning an employee future performance if given the proper development of skills and increased responsibility.

Business leaders who implement the best talent management process are more prepared than their competitors to compete in the global economy and capitalize quickly on new opportunities. True success is only available when companies do more than adapt to long-term trends; they must be able to anticipate and jump on new opportunities before the rest of the market. A strategic talent management plan allows you to:

- Become "proactive" versus "reactive".
- Identify essential skills to be developed in all employees, and minimize training costs by focusing on key development areas; and
- Improve your recruiting process by identifying high-quality candidates using job descriptions based upon the expertise of your high performing employees holding uniquely valued company or industry competencies.

Many organisations have developed frameworks for technical and generic competencies, which relate to a broad range of desired skills and behaviours. The assessment process attached to generic frameworks (especially for management competencies) can provide a useful starting point for evaluating an individual's potential for a senior role. Thus succession plans need to be integrated with existing competency frameworks. However, there should not be an over-reliance on competencies because they may be too limiting and mechanistic to assess skills such as leadership. Moreover, they relate to the past and present rather than to the future, which is where organisational leaders need to look. Those responsible for succession planning need to know as much as possible about the *future of the business*, how it is likely to change, and how such change might affect the numbers involved and the skills they need to possess. Though it is not easy, but does imply a close relationship at a senior level between top managers responsible for shaping the future of the business and the HR function, which acts as a facilitator.

The best talent management plan is closely aligned with the company's strategic plan and overall business needs. Goal alignment is a powerful management tool that not only clarifies job roles for individual employees, but also demonstrates ongoing value of your employees to the organization. When you engage employees in their work through goal alignment, you create greater employee ownership in your company's ultimate success; they become more committed to your company and achieve higher levels of job performance.

To achieve "*goal alignment*" in your organization, it is necessary to clearly communicate the strategic business objectives across the entire company. By allowing managers to access and view the goals of other departments, the organization can greatly reduce redundancy. Goal sharing also helps departmental heads find ways to better support each other, as well as identify areas where they may be unintentionally working at cross purposes. With everyone

working together toward the same objectives, your company can execute strategy faster, with more flexibility and adaptability.

Greater openness and transparency have come with the greater emphasis on the individual and the focus on roles rather than jobs. Secrecy is being gradually reduced, and advertising of internal jobs is increasing. It is now more widely believed that employees need to understand the succession process, the methods used to judge potential successors, and the kinds of jobs that are considered suitable for each individual. With openness should go fairness; objective assessments of all available candidates need to be seen to be made, and succession development committees exist in many large companies to review key talent and succession plans and to examine how to improve the process. Those covered by the process need to be able to make an input about their own career aspirations, preferences and constraints. They also need feedback about how they are perceived by their employers and the sorts of job moves for which they would be considered. As a growing number of organisations recognise the business case for diversity, they are increasingly aware of the need to ensure that the talents of women and ethnic minorities are properly developed.

Following are some reasons for which the use of *talent management application* is considered to be crucial:

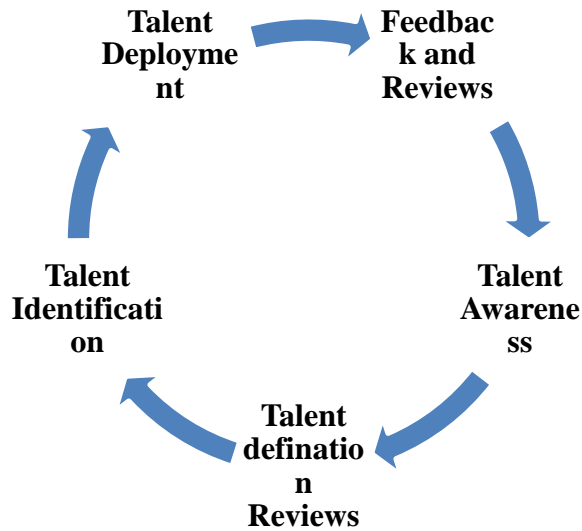
- **Getting the right data:** Taking the right strategic decisions in the HR domain relies on accurate data, and as any HR manager would know, good data is hard to come by. That's where a talent management tool can help by automating the core processes and helping you capture data for making better decisions.
- **Engage the employees:** It's important for the HR department to keep the entire workforce engaged and give them a sense of belonging and progress. But it can get quite challenging, given the overall complexity of the function. That's why more and more HR managers are relying on talent management applications to develop and streamline important processes.
- **Automate repetitive tasks:** Certain tasks are best done automated, like creating salaries or updating leave info. These and many similar tasks can be automated to free up resources for strategizing and more critical tasks that can pay back over time.

Talent management helps you get in control of your organization's talent and make sure the talent base grows with time.

## **ROLE OF HR IN SUCCESSION AND TALENT MANAGEMENT**

Talent Management is associated with the competency based management. Talent management is derived by a set of organisational core competencies as well as position-specific competencies. The competency set may include knowledge, skills, experience and personal traits. Older competency might contain attributes that rarely predict success (e.g. education, tenure and diversity factors that are illegal to consider in relation to job performance in many countries and unethical within organisations). New techniques involve creating competency architecture for the organisation that includes a competency dictionary to hold the competencies in order to build job descriptions.

## THE TALENT CYCLE



Succession planning needs to be owned by line managers, and should be actively led by the chief executive who has a key role in ensuring that it is given the importance it deserves by other senior managers; ensuring that there is a healthy pipeline of potential leaders is about nothing less than the future of the organisation. But it is not realistic for CEOs and those around them to have sole responsibility for this; they have neither the time nor the expertise. The HR function therefore has a critical role in supporting and facilitating the process, not least in compiling all the necessary information on potential candidates. Any career move at senior level is a process of multiple dialogues, in which a senior representative from HR will collect views from senior line managers in an iterative fashion, testing, challenging and amending them as the dialogue goes on, making sure that all possibilities are covered, and maybe putting proposals for decision to a succession development committee. HR departments are of course also heavily involved in giving career advice and information to individuals, and assessing and advising on their development needs. The HR function is also centrally concerned in the design and management of assessment processes and information support, including the development and maintenance of computerised databases.

### Driving Force for Development-Succession Planning

When a succession planning approach is “conceptually integrated” with a total talent management programs, the staffing goals “at the top” can permeate the entire organization, and serve as the driving force for all career development and staffing systems. Conceptual integration means that the terms, skills definitions, values and frame of reference for two or more systems are consistent. The idea of what constitutes relevant work experience, what “quality” means, technical and professional qualifications, performance measurements, and all other fields of information that talent management have in common mean the same thing to all parties — both the managers covered and the management users of the systems.

When succession planning’s concepts, goals and terminology have been accurately formulated — based on the real needs of the business and strategic plans — these concepts can and should be incorporated in talent management



systems covering the 90% or more of managers who are not yet covered by succession planning, or all in the organization who may at some time in the future be candidates for key positions of leadership. The advantages of this consistency are more than administrative. The high visibility of succession planning and its position requirements serves to motivate those covered by career planning and development. In large or complex organizations with many business units or dispersed locations, all managers are working toward the same career and organizational objectives — which in an effective career development program are closely aligned. (When individual aspirations don't "match" organizational goals or needs, the individuals should be looking elsewhere for career fulfilment.) Other tools such as "ripple" reports can show the impact of how one succession selection can impact moves throughout the entire organization even identifying which positions might be vulnerable due to the lack of successors. Web-based systems can also be used to "find" potential candidates for positions who have not already been identified during the talent review process.

## **CONCLUSION**

Although social drivers provide many new opportunities, it's important to remember that these changes will not apply to all sectors, all economies, or all employees evenly. Talent professionals in coming years will need to develop a nuanced view of emerging trends, not just in terms of how they will impact the organization, but also how and where they might not. In particular, it will be important to understand the talent implications of the imbalances.

It's clear that the impact on talent management of changing demographics, economic evolution, and technology advances will be profound. In concert, these factors can be mutually reinforcing, and result in even larger impacts. Organizations that regard talent as a key differentiator have no choice but to consider the impacts of these trends on their talent processes and strategies.

In adverse economic conditions, many companies feel the need to cut expenses. This should be the ideal environment to execute a talent management system as a means of optimising the performance of each employee and the organisation. Selection offers are large return on investments. Job analyses and assessment validation help enhance the predictive power of selection tools. However, within many companies the concept of human capital management has just began to develop.

Succession planning is about more than filling the top spots. It is a smart talent management strategy that can drive retention of talent throughout the organization – and make sure that the organization has the skills it needs in place, or on hand, to respond to the rapidly shifting sands that make up today's business environment.

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***TALENT RETAINING-NEED OF THE HOUR FOR CORPOATE  
OPULANCE***

**Dr. A. Satish Babu**

M.Com. M.B.A., M.Phil., Ph.D.,  
Associate Professor,  
P.G.Dept.Of Commerce & Management Studies,  
V.R.S. & Y.R.N. P.G.College,  
Chirala-523157 (A.P.)  
E-mail ID: satish\_archana@yahoo.com.

**Mrs. S.Santha Kumari**

M.Com. M.B.A., M.Phil., (Ph.D).,  
Associate Professor,  
Dept. of Management Studies,  
St.Mary's Group of institutions Guntur, Chebrolu.,  
E-mail ID: santa8023@gmail.com

## ABSTRACT

The success of any organization depends on the contribution of employees. Among the factors of production, wo(men) occupies a significant position and a midst of competition, opportunities are electrifying and talented employees are migrating from one organization to another. Organizations are initiating steps for training employees and retaining employees is the challenging task for modern managements.

The purpose of this paper is to examine the relating issues concerned with retaining of good employees. Employees today want more out of a job than a big salary. Employees expectations have shifted over the past few decades. Employers need to recognize key changes in workers expectations, namely that they want to lead balanced lives, enjoy partnership with their employees, receive opportunities for personal and professional growth, be able to make a meaningful contributor to the world through their work, and experience opportunities to socialize at work..

The importance of three R's of employee retention: **respect, recognition**, and rewards and reasons are discussed and strategies to surmount this problem are highlighted. The purpose of this presentation is to examine how talented employees can be retained through retention strategies and employee's reasons for leaving the organizations and provides suitable retention strategies to overcome.

## INTRODUCTION:

Employee retention has become a major concern for corporate in the current scenario. In almost all cases, it is senseless to allow good people to leave your organization. When they leave, they take with them intellectual property, relationships, investments (in both time and money), an occasional employee or two, and a chunk of your future. Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. For an organization to do well and earn profits it is essential that the high potential employees stick to it for a longer duration and contribute effectively. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management and the human resource team to intervene immediately and find out the exact reasons leading to the decision. The management can't completely put a full stop to the process of employees quitting their jobs but can control it to a large extent.

Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed, by having policies and practices in place that address their diverse needs. A strong retention strategy, therefore, becomes a powerful recruitment tool. Retention of key employees is critical to the long-term health and success of any organization. It is a known fact that retaining the best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning, and deeply embedded organizational knowledge and learning. Employee retention matters as organizational issues such as training time and investment, lost knowledge, insecure employees, and a costly candidate search are involved. Hence, failing to retain a key employee is a costly proposition for an organization. Various estimates suggest that losing a middle manager in most organizations costs up to five times his salary.

Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years. In prominent Indian metros at least, there is no dearth of opportunities for the best in the business, or even for the second or third best. Retention of key employees and treating attrition troubles has never been so important to companies. For gone are the days when employees would stick to an employer for years for want of a better choice. Now, opportunities are abundant. *In fact, some reports suggest that attrition levels in IT companies are as high as 40 percent. Though BPO industry shoots ahead at 40 to 50 percent a year, it is now losing 35 to 40 percent of its 350,000-odd employees as well. In India, there are few sectors where the attrition level is much larger compared to other sectors, for example, IT sector and BPO; whereas, there are organizations like Air India, HAL, DRDO, BARC where the attrition is much lower – nearly 5% or less than that.* Clearly, the only way out is to develop appropriate effective retention strategies.

## THE ROLE AND RELEVANCE OF RETAINING EMPLOYEES:

The challenge of keeping employees, its changing face has stumped managers and business owners alike. How do you manage this challenge? How do you build a workplace that employees want to remain with and outsiders want to be hired into? Successful managers and business owners ask them these and other questions because, simply put, employee retention *matters*.

- High turnover often leaves customers and employees in the lurch; departing employees take a great deal of knowledge with them. This lack of continuity makes it hard for the organizations to meet their goals and serve customers well
- Replacing employee costs money. The cost of replacing an employee is estimated at up to twice the individual's annual salary (higher for positions based on their level within the inter-organizational hierarchy, such as middle management) and this does not even include the cost of lost knowledge.
- Recruiting employees consumes a great deal of time and effort, much of it futile. There is not just one organization out there vying for qualified employees, and job searchers make decisions based on more than the sum of salary and benefits.
- Bringing employees up to speed takes even more time and when an organization is short-staffed, they often need to put in extra time to get the work done.

## REASONS FOR MIGRATION OF EMPLOYEES:

- **"It doesn't feel good around here."** This can include any number of issues to do with the corporate culture and the physical working environment.
- **"They wouldn't miss me if I were gone."** Many people don't feel personally valued. When people don't feel engaged or appreciated, all the money in the world can't hold them.
- **"I don't get the support I need to get my job done."** People want to do a good job; they want to excel. At the same time, most feel as though their boss won't let them do a good job. **Lack of opportunity for advancement.** Personal growth constitutes a very strong driver in today's workforce, particularly with the younger generation.
- **Inadequate employee compensation.** Many executives still cling to the outdated notion that people "go for the gold", that salary dictates all their employment decisions. But for the most part, people want opportunities to grow and learn, to advance in their careers and to work on challenging and interesting projects. They want to be recognized and appreciated for their efforts. They want to feel a part of something that adds value to their community.

## The 3 R's of Employee Retention

To keep employees and keep their satisfaction levels high, any organization needs to implement each of the three R's of employee retention: respect, recognition, and rewards.



**Respect** is esteem, special regard, or particular consideration given to people. As the pyramid shows, respect is the foundation of keeping your employees. Recognition and rewards will have little effect if you do not respect employees.

**Recognition** is defined as “special notice or attention” and “the act of perceiving clearly.” Many problems with retention and morale occur because management is not paying attention to people’s needs and reactions.

**Rewards** are the extra perks you offer beyond the basics of respect and recognition that make it worth people’s while to work hard, to care, to go beyond the call of duty. While rewards represent the smallest portion of the retention equation, they are still an important one.

When implemented, the “3 R's” approach yields reduced turnover and the following benefits:

- ❖ **Increased productivity,**
- ❖ **Reduced absenteeism,**
- ❖ **A more pleasant work environment (for both employees and management/employer),**
- ❖ **Improved profits.**

Furthermore, an employer who implements the three R's will create a hard-to-leave workplace, one known as having more to offer employees than other employers. It becomes a hard-to-leave workplace – one with a waiting list of applicants for any position that becomes available – purposefully, one day at a time.

### KEi's (Keep Employees Inc) Employee Retention Wheel



### The Retention Wheel

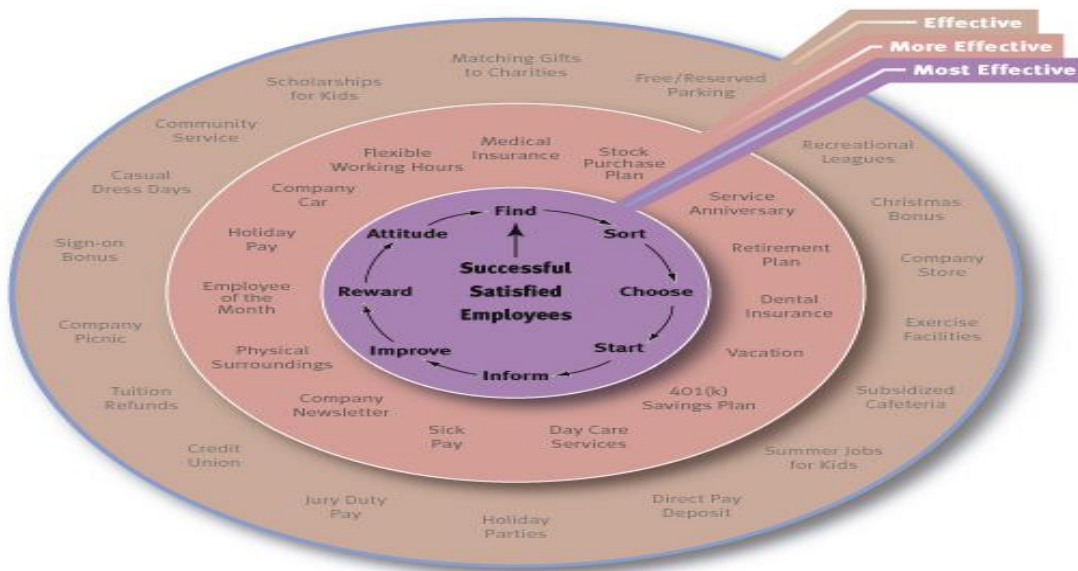
After years of study and experience, KEi has determined, and presented in the Retention Wheel, what factors do have the greatest impact on keeping employees. KEi has used this information to give employers the tools to meet the core needs that keep employees successful at their jobs, thus reducing the high costs associated with unwanted employee turnover.

## Using the Wheel to Improve Employee Retention

KEi's Employee Retention Strategy is based upon two primary beliefs:

- (1) It is difficult for employers to retain good employees if they do not have a process to hire the right people in the first place
- (2) Retention processes must directly support the reasons that successful, satisfied employees stay.

### KEi's Employee Retention Wheel™



*"Controllable employee turnover" is caused by only two things: 'Bad hiring' and 'Bad Treatment.' Employers try numerous things to keep good employees. However, studies show that the programs in the outer two rings do not have as great an impact on retaining employees as the processes identified in the center of KEi's Employee Retention Wheel. Employers need to focus on providing supervisors with the tools that implement the processes at the center of the wheel.*

**KeepEmployees, Inc., 5058 Westridge Drive, Fort Collins, CO 80526**  
**www.keepemployees.com**  
**1-888-458-1885**

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### Ten Ways to Retain Employees

A sound retention strategy thus becomes essential for any organization to be productive over time and should be treated as an important part of their hiring strategy by attracting the best candidates who know of their track record for caring for employees.

**How do you get your employees to "fall in love" with the organization and let them "stay in love" with the organization?** This is a great question. Some recently conducted research lists these top ten strategies:

1. **Treat your employees like you treat your most valuable clients.** It is cheaper to keep your good employees than it is to hire and train new ones.
2. **Get your employees to "fall in love" with your organization.** Communicate your vision in a compelling way. Show everyone the role they have to contribute to this vision. Capture the hearts of your workforce with: Compelling vision/balance/celebration-fun.
3. **Strong retention strategies become strong recruiting advantages.**
4. **Retention is much more effective when you put the right person into the right job. Know the job. Know the employee and their motivations.** Half of the Fortune 500 companies are now using assessments to more fully understand each job and the soft skills that are required for top production within their specific company culture.
5. **Money is important but it is not the only reason people stay with an organization.** If your compensation plan is in the top 20-30% of your industry, then money will often not be the reason why people leave.
6. **Employee committees to help develop retention strategies are a very effective strategy.** Get their input. Ask, "What do people like about working here? What would you like changed to make your company a better place to work?"
7. **Leadership must be deeply invested in retention.** Management must be skillful communicating company policies in a way that creates "buy-in" from their staff and be open to employee input. Help create "ownership" in your employees.
8. **Recognition, in various forms, is a powerful retention strategy.** It does not have to cost a lot. Research shows 46% of people leave their jobs because they feel unappreciated.
9. **Remember, the "fun factor" is very important to many employees.** The FUN Factor is part of the generation of workers that use activities as stress management in highly charged production environments where long hours are required.
10. **Know the trends in benefit packages. Do your best to offer the ones your employees need.** Consider offering the best of the rest.

### **Employee Retention Strategies for Reducing Employee Turnover Costs**

It is widely understood that time is money to any organization. Every minute of every day that the employee retention problems persist, the organization is losing valuable time, energy, and resources. Following are the strategies with which employee turnover costs can be reduced to a great degree.



- Identify top performing team members and develop strategies to ensure they stay with your organization,
- Identify the reasons why an employee leaves before they are ever hired,
- Select and hire great employees who are well fit for the job and the organizational culture,
- Improve communication and morale - two key elements that affect employee retention,
- Determine growth opportunities for team members and develop customized training that will improve performance.
- The human resource department must ensure that it is hiring the right candidate.
- Employee recognition is one of the most important factors which go a long way in retaining employees
- Performance appraisals are also important for an employee to stay motivated and avoid looking for a change.
- The salary of the employees must be discussed at the time of the interview.
- The company's rules and regulations should be made to benefit the employees

## **CONCLUSION:**

To put it short, companies need to change their Talent Management and Retention Strategies. Instead of focusing on Key Talent management, Succession Planning or People Development to motivate and retain key employees – as the initiatives are today – it is essential for companies to enhance their on-boarding and off-boarding processes. In a fast paced world where new employees have one foot in the company but the other foot already on to the next company and opportunity, companies need to adapt their Talent Management and retention Strategies to suit the new pace of the workforce. It is no longer adequate to apply initiatives hoping to extend the time period global talent plans to spend in one company. Companies and HR managers need to develop new initiatives to get the most out of their employees during the time employees plan on staying in the company. Employee retention techniques go a long way in motivating the employees for them to enjoy their work and avoid changing jobs frequently.

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***Effective career planning by future managers in the  
age of knowledge economy***

**Dr. Chandrashekhar Aronkar**

Associate Professor  
Department of Economics  
National Defence Academy  
Khadakwasla, Pune

**Mrs. Sheetal Kaur Ahuja**

Associate Professor  
Department of MBA  
GGC

## **Introduction:**

Jabalpur The present competitive world at one side provides ample opportunity for employment to Management graduates and other side it has high expectations from future managers especially about their knowledge, personality and skills.

Today development is knowledge based and as the knowledge embodied in human resource importance of human resource is very high in employment market. Managers with effective knowledge and great set of skills are becoming a major share in creation of value by the organizations.

Looking to this great opportunities future managers must plan their career keeping in view the knowledge based development process i.e. knowledge economy. Presently the change in technology so fast and all the development are people oriented and to get success it is important to master the latest technologies and have wonderful people skills.

Knowledge economy is the economy in which knowledge becomes prominent source of value creation and development is based on knowledge. Successful economies are those which create, apply and enhance knowledge effectively in all the areas of economy.

*(www.educause.edu) late Peter Drucker apparently first used the phrase "the knowledge economy" in his 1969 book The Age of Discontinuity.<sup>1</sup> Thirty-two years later, still going strong, Drucker wrote in the November 2001 edition of The Economist: The next society will be a knowledge society. Knowledge will be its key resource, and knowledge workers will be the dominant group in its workforce. Its three main characteristics will be:*

- *Borderlessness, because knowledge travels even more effortlessly than money.*
- *Upward mobility, available to everyone through easily acquired formal education.*
- *The potential for failure as well as success. Anyone can acquire the "means of production," i.e., the knowledge required for the job, but not everyone can win.*

As per (www.businessdictionary.com) career management is Lifelong, self-monitored process of career planning that involves choosing and setting personal goals, and formulating strategies for achieving them.

Today the young professionals have great opportunity to achieve success in their career, but there is a need for effective career planning. Also young managers must acquired necessary technical, human relational and other soft skill to be successful in their career.

## **Objective of the study:**

Objective of the study is to relate the importance of knowledge economy given by future managers in their career planning and also to study their awareness about the changing economic environment.

**Data source:**

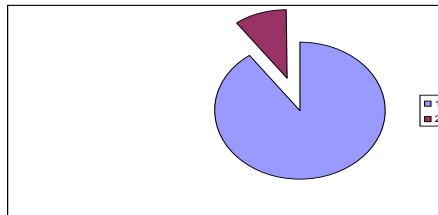
The present study is based on primary data collected through a structured questionnaire. In the questionnaire various questions related to awareness amongst future managers about knowledge economy and its role in effective career planning is studied. Total 120 students their MBA were selected in the sample through purposive sampling method. The study was conducted in the city of Jabalpur (MP) .

**Data Analysis**

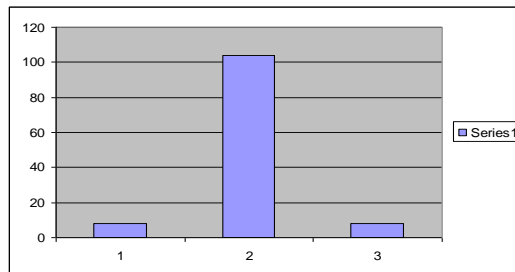
When asked about their goal setting all (100%) of the students said yes they have already defined goal for their career. This is something needs to be appreciated in present time youngsters, that they are career oriented and understands the importance of career.

In knowledge economy role of Information and Communication Technology is prominent and therefore computing skill is must to be successful in today’s corporate world. When asked about the efficiency of students on computer working. 112 (93.33%) said they can work efficiently on computers only 8 (6.66%) said they don’t have efficiency on computers.

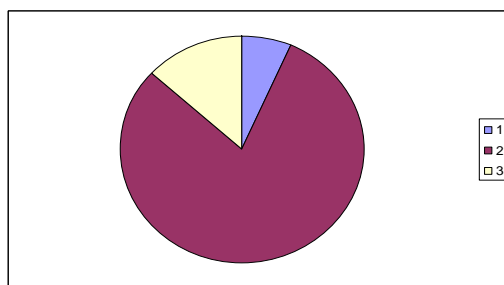
When asked whether future managers know about the quality and skills required to be successful managers. The responses were quite encouraging. Following diagram expresses that 108 (90%) of the sample are aware about that and only 12(10%) were not aware of the required qualities.



Students were asked question regarding their attitude towards reading magazine, journals and books related to their field especially its frequency. Response shows that 8 (6.66%) says they study regularly, 104 (86.66%) said they refer sometimes and 8 (6.66%) said they rarely refer. This shows that young generation of present is much interested in referring e-resources.



When asked whether they refer various websites to know about the values successful leaders/managers practice or hold. The answer given by 8 (6.66%) students that they refer regularly, whereas 96(80%) said they do refer but sometimes and 16 (13.33%) said they have never visited such websites.



When future young management students asked whether they search information related to development in the field of management 70 (58.33%) said yes where as 50 (41.66) said no. The survey was conducted in the city which is not a big one and in that city this much of higher percentage awareness is quite encouraging.

When asked the students who are interested in recent developments whether they share the new information with their friends 48 (68.5%) said yes and 22(31.42%) no again this confirms that youngsters are more open and interactive.

Students were asked about their interest in latest technologies applied in computers and software, response was 92 (76.66%) said yes and 28 (23.33%) said no. When asked about the interest and awareness about the latest mobile applications response was 104 (86.66%) yes and 16 (13.33%) said no. Majority of students are interested in new and modern technology applications which is base of knowledge economy.

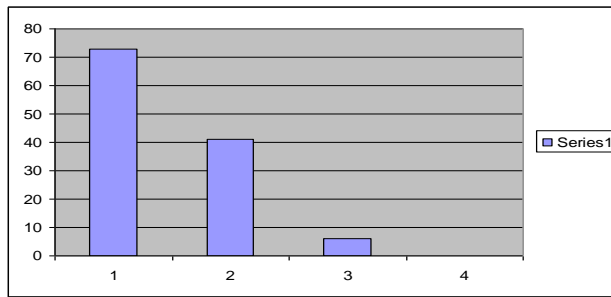
Students are concern about their future career. When asked are they aware of various employment portals. The response was highly favorable to yes 74 (61.66%) and no by 36 (38.33%).

When future managers were asked about the enrichment of their knowledge with the help of these new technologies, developments and researches the huge positive response was received 112 (93.33%) said yes and 08 (6.66%) no. and same combination of responses were received when asked whether this will help in their career.

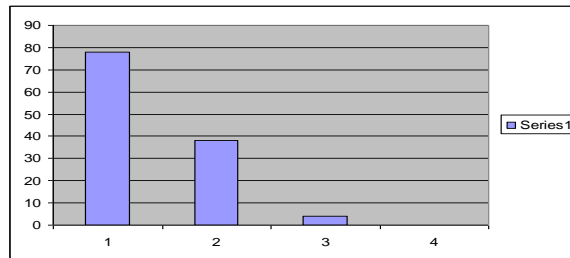
When asked students whether they are using Information & Communication Technology in their PPT/Presentations/Academic Notes/ Team learning the response was 116(96.66%) yes and 04 (3.33%) said no.

When asked are the students are using ATM/Credit card/Internet banking 102(85%) said yes and 8 (15%) said no. Students are keeping them selves updated in various applications of ICT in various sectors.

In Knowledge economy technology plays a pivotal role and objective of the study is to analyse the importance of this in career planning. When asked students, whether they agree that technology development has changed their life positively. Responses were 73 (60.83%) strongly agree, 41 (34.16%) some what agree and 6 (5%) some what disagree and no one said completely disagree.



When asked students whether they are member of social networking sites, 98(81.66%) said yes and 22(18.33%) said no they are not member. When asked whether they are about the fact that to be successful manager you must have knowledge, skills, technology and required soft skills 78(65% ) were of the opinion that they strongly agree 38(31.66% ) said some what agree and only 04(3.33% ) said some what disagree.



### Conclusion:

Today youngsters have great opportunity for employment not only in India but across the World. The employment opportunity available is having great expectations from these youngsters. Companies need managers with good knowledge of their filed as well as they must have good hand on ICT and must hone soft skills. In planning their career role of technology and latest research & development is very prominent. Future managers are benefited with the development of various fields and can shape their successful career according to needs of knowledge economy with the help of tools of knowledge economy.

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***“Process of Risk Management in Business”***

**Dr. J. D. Kabra**

**Associate Professor  
Department of Commerce  
J .E. S. College, JALNA. (MAHARASHTRA)  
smahavirn@gmail.com**



## **Introduction:**

Modern age is the age of competition and complication. Of every field and especially in business. There is an element of risk in everything that we do in our business and personal lives. So, risk management is an essential part of any business organization. It is most important for bigger businesses because these businesses require reaching out to many different parts of the globe. The failure of big corporations can have a negative impact and the consequences can be felt all over the world. Hence it is very important in modern age for different types of business.

## **Definition of 'Risk Management'**

“Management,” like “risk,” can have many meanings, each valid in the appropriate context. For risk management of potential accidental losses, it is best to define “management” as a process: the process of planning, organizing, directing, and controlling resources to achieve given objectives. Putting this definition of “management” together with our earlier definition of “risk” gives us a precise, quite concise, definition of “risk management”:

The process of identification, analysis and either acceptance or mitigation of uncertainty in investment decision-making. Essentially, risk management occurs anytime an investor or fund manager analyzes and attempts to quantify the potential for losses in an investment and then takes the appropriate action (or inaction) given their investment objectives and risk tolerance. Inadequate risk management can result in severe consequences for companies as well as individuals. For example, the recession that began in 2008 was largely caused by the loose credit risk management of financial firms.

## **Investopedia explains 'Risk Management'**

Simply put, risk management is a two-step process - determining what risks exist in an investment and then handling those risks in a way best-suited to your investment objectives. Risk management occurs everywhere in the financial world. It occurs when an investor buys low-risk government bonds over more risky corporate debt, when a fund manager hedges their currency exposure with currency derivatives and when a bank performs a credit check on an individual before issuing them a personal line of credit.

“Management,” like “risk,” can have many meanings, each valid in the appropriate context. For risk management of potential accidental losses, it is best to define “management” as a *process*: the process of planning, organizing, directing, and controlling resources to achieve given objectives. Putting this definition of “management” together with our earlier definition of “risk” gives us a precise, quite concise, definition of “risk management”.

Risk management is the process of planning, organizing, directing, and controlling resources to achieve given objectives when surprisingly good or bad events are possible.

## Process of Risk Management:

- **Identification of Risk**

**There are different types of risk in every business organization. Such as**

Operational, financial, strategic, compliance related and environmental, political, legal, disputes, safety and health risks.

- **Risk Management-**

**If once identified types of risk** then clarifies the importance and events for tackling the risks that your new business establishments may face. This includes the information about the evaluation of various risks and four options for managing each risk. This also helps in outlining some preventive ideas to decrease the likely hood of risks immobilizing your business.

- **Business recovery planning-**

**Business recovery planning is also an important for risk management in business. Planning for minimizes** disaster and also minimizes the impact of the disaster on your business.

Risk management discusses theft problems in a business and the areas to protect, such as adopting simple safety measures and by keeping track of the staff and inventory.

- **Implementing Strategies:**

Strategies, no matter how good they are, are useless unless they are put into practice. Putting strategies into practice also helps to evaluate their utility and identify company shortcomings

- **Long term planning for Monitoring;**

**Risk management is continuous process and it is success when implementation of continuous process of monitoring.** Continuous monitoring ensures that the changing needs of the business are met. **It is also long term planning for business and then you can ensure that you protect the viability of your business for the long term.**

## Conclusion:

Today risk in everything that we do in our business and personal lives. There -fore risk management is an essential part of any business organization. Risk management is continuous process of every business. We adopt this process and reduce business risk and increase the chances of success in business.

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***“Human Resource Management in India”***

***Dr. Mahavir N. Sadavarte***

*Assistant Professor  
Department of Commerce  
J .E. S. College, JALNA. (MAHARASHTRA)*

smahavirn@gmail.com

## **Introduction:**

Today rapidly changes in every sector and especially in management field... In this changing scenario Human Resource management plays vital role. Success of any organization, Business depends on talent, efficiency and expert of work-force, because of competitive modern age. Human Resources are real and live assets of country. Money, silver, gold, land, sea, forestry and technology these resources are valuable assets, but Human Resource is unique and invaluable assets of country. We can purchase or import other resources but import or purchase of human being from other country is impossible of bad for long period. Human resource management is concerned with the human being in an organization. It reflects a new philosophy, a new outlook, approach, and strategy, which views an organization's manpower as its resources and assets, and not as liabilities. So, we have needed to increase our own Human resources, because the scarcity of talent, expert work-force and it is possible through HRM. We have to know meaning and definition of HRM.

Modern Philosopher says that human being is not commodities or normal resource but it is creative and social being in a productive enterprise. An Organization decides a specific goal and to achieve a goal makes plans and implement this plan. Organization arrange different training programmers for improve skill, knowledge and performance of their staff.

## **Objectives of the Studies:**

- To study the meaning and definition of Human Resources Management.
- To study an importance of Human Resources Management.
- To study an important views of HRM in India.

## **Meaning and Definition of HRM:**

Modern analysis emphasizes that human beings are not "commodities" or "resources", but are creative and social beings in a productive enterprise. Human Resource Management

Or HRM is the process of managing people in a company as well as managing the existing interpersonal relationships. These two processes are key in the success and growth of a business. When viewing HRM from the point of ensuring that structures and processes are identified and instituted to manage an organization's personnel, there are some elements such as Staffing, recruiting, placement, to increase potential of employees, disciplinary matters, monitoring of leave, absences and health and safety.

Managing people in an organization is human resource management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to high levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieving organizational objectives.

**Definition:**

"Human resource management is a process consisting of four functions-acquisition, development, motivation and maintenance of human resources." (Decenzo and Robbins)

"Human resource management refers to the policies and practices one needs to carry out the people or human resource aspects of management position including recruiting, screening, training, rewarding and appraising."(Gary Dessler)

"Human resource management is a process concerned with the management of human energies and competencies for achieving organizational goals through acquisition, development, utilization and maintenance of a competent and committed workforce in a changing environment." (G.R. Agrawal)

"Human Resource Management includes conducting job analyses, planning personnel needs, recruiting the right people for the job, orienting and training, managing wages and salaries, providing benefits and incentives, evaluating performance, resolving disputes, and communicating with all employees at all levels. Examples of core qualities of HR management are extensive knowledge of the industry, leadership, and effective negotiation skills. Formerly called personnel management"

Human resource management regards people as the most important resource of an organization. It's all policies and practices are oriented towards improving human resources' performance, which directly contribute to the achievement of organizational goals.

**Some an Importance Views Regarding HRM:**

According to Frederick Taylor (1856-1915). Taylor explored what he termed "scientific management" (later referred to by others as "Taylorism"), striving to improve economic efficiency in manufacturing jobs. He eventually keyed in on one of the principal inputs into the manufacturing process—labor—sparking inquiry into workforce productivity.

Human Resource Development (HRD) means to develop available manpower through suitable methods such as training, promotions, transfers and opportunities for career development. HRD programmes create a team of well-trained, efficient and capable managers and subordinates. Such team constitutes an important asset of an enterprise. One organisation is different from another mainly because of the people (employees) working therein.

According to **Pigors and Myers**, "Good management means getting effective results with people". This suggests the importance of human resource.

According to **Peter F. Drucker**, "the prosperity, if not the survival of any business depends on the performance of its managers of tomorrow." The human resource should be nurtured and used for the benefit.

An important remark of Shri **Dhirubhai Ambani**, former chairman of Reliance Industries Ltd. is worth noting in this regard. "Our People: People are assets you can never show on a balance sheet. Our company has a human resource asset of around 12,500 people; 3,000 of which constitute scientific and technical manpower. Every year we add over 450 young professionals. These motivated and well-trained people are the backbone of our business. The team is young in spirit, conscious of its responsibilities and committed to building world class assets for the country"

### **Importance of Human Resource Management:**

Without good Human Resources any organization cannot build a good team of working professionals. The process of Human Resources Management (HRM) include recruiting people, training programmes, performance appraisals, health facilities, incentive schemes for employees as well as workplace communication, workplace safety, and much more. I have focus on some an significant point regarding importance of HRM are as follows.

- **Recruitment and Training:**

Organization makes plans and strategies for hiring the particular people. They design the criteria which is best suited for a specific job description. Their other tasks related to recruitment include formulating the obligations of an employee and the scope of tasks assigned to him or her. Based on these two factors, the contract of an employee with the company is prepared. When needed, they also provide training to the employees according to the requirements of the organization.

- **Performance Appraisals:**

Human Resource Management is the process of encouragement system for workforce those working in organization. HRM observe potential of workers and gives tips to improve their skill and all over performance. Organization creates strong communication system with an individual and provides specific information to particular person. HRM creates continuous system for improve performance of their workers team and in this way organization achieve their goal.

- **Improve Public Relationship:**

**Good public relationship is necessary for every an organization in modern age.HRM system arrange different meetings, workshops, social welfare programmes, social awareness programme to make good relation with other business, customer and general peoples.** Any organization, without a proper setup for HRM is bound to suffer from serious problems while managing its regular activities. For this reason, today, companies must put a lot of effort and energy into setting up a strong and effective HRM.

- **Knowledge Management:**

Knowledge management is also an important to HRM. Because without best and proper knowledge HRM is impossible. Today scope depth of knowledge is increasing day to day. Without current and proper knowledge we can't achieve goal organization. So workforce should have got proper knowledge. HRM creates MK system to improve performance.

- **Satisfaction of Staff Member and Reduce Disputes:**

HRM arrange different activities for improvement efficiency and atmosphere of work as well as tries to solve different problems of staff members... Satisfaction of staff member is depends on atmosphere of work and trust of mutually employee and employer. It means HRM is useful to staff satisfaction and reduction of Industrial dispute. Staff satisfaction and sound atmosphere between employee and employer helps to increase productivity of organization and workforce. In this way HRM plays vital role in development of an organization as well as workforce.

**Conclusion:**

Success of any organization depends on achievement of its goal and without human resources; no organization can achieve its goals. Among all the resources in organization, human resource is the most important. We can import assets other than human resources. It regards to the management of human resource in organizations. It is necessary to arrange different efforts and policies which make the human resource satisfied and motivated to their works. It is Human resource management that brings great success to the organization.

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# ***Indian Primary Capital Market: Recent Trends and Developments***

**DR. SURESH VADDE**

Associate Professor, Department of Management  
College of Business & Economics  
Samara University, Ethiopia.  
Email: [sureshvadde1@gmail.com](mailto:sureshvadde1@gmail.com)

## **ABSTRACT**

The primary market enables the government as well corporate in raising the capital that is required to meet their requirements of capital expenditure and/or discharge of other obligations such as exit opportunities for venture capitalist/ PE firms. It is that part of the capital markets that deals with the issuance of new securities. Companies, governments or public sector institutions can obtain funding through the sale of a new stock or bond issue. This is typically done through a syndicate of securities dealers. The process of selling new issues to investors is called underwriting. In the case of a new stock issue, this sale is an initial public offering (IPO). Dealers earn a commission that is built into the price of the security offering, though it can be found in the prospectus. A primary market creates long term instruments through which corporate entities borrow from capital market. The present paper makes an attempt to describe the important trends and developments in respect of Indian Primary Capital Market (New Issue Market) based upon the analysis of published data.

**Key Words:** Primary market, venture capitalist, Initial Public Offer and underwriting etc.,

## **INTRODUCTION**

The economic development of any country depends upon the existence of a well organized financial system. It is the financial system which supplies the necessary financial inputs for the production of goods and services which in turn promote the well being and standard of living of the people of a country. The capital market has significant role to play in this context being a part of the financial system. It provides the financial resources needed for the long-term and sustainable development of the different sectors of the economy. An organized and well-developed capital market operating in a free market economy ensures best possible co-ordination and balance between the flow of savings on the one hand and the flow of investment leading to capital formation on the other. It facilitates liquidity and marketability to the outstanding equity and debt instruments. An efficient capital market ensures the measures of safety and fair dealing to protect investors' interests.

Capital market is divided into two segments, i.e. Primary Capital Market (New Issue Market) and Secondary Capital Market (Stock Market). Shares are made available for the first time to investing public through the new issue market. The issuer may be a new company or an existing company. The primary capital market deals with the new securities while the outstanding securities are traded in the secondary market, which is commonly known as stock market. Secondary capital market is a mechanism, which provides liquidity, transferability and continuous price formation of securities to enable investors to buy and sell them with ease.

## **OBJECTIVES OF THE STUDY**

The paper is an attempt to identify the developments in the recent years in respect of Indian Primary Capital Market. The specific objectives of the study are:

- To study the trends in Indian primary capital market in terms of number and types of issues.
- To analyse the composition of amount raised through public and rights issue along with sector-wise contribution.
- To identify major industrial sectors attracting capital from the New Issue Market.
- To analyse the size-wise distribution of new issues during the study period.

## **PERIOD OF THE STUDY**

The period for the present study ranges from 2009-10 to 2011-12. This period has been chosen because Indian primary capital market experienced various ups and downs during this period.

## **SOURCES AND ANALYSIS OF DATA**

The study is based on the classification and analysis based on the published data available in respect of Indian primary capital market. The sources of data include the Annual Reports of SEBI and RBI. The collected data has been examined with the help of statistical tools and techniques such as averages, time series and percentage.

## **INDIAN PRIMARY CAPITAL MARKET & REGULATORY FRAMEWORK**

The primary market is that part of the capital markets that deals with the issuance of new securities. Companies, governments or public sector institutions can obtain funding through the sale of a new stock or bond issue. This is typically done through a syndicate of securities dealers. The process of selling new issues to investors is called underwriting. In the case of a new stock issue, this sale is an initial public offering (IPO). Dealers earn a

commission that is built into the price of the security offering, though it can be found in the prospectus. A primary market creates long term instruments through which corporate entities borrow from capital market.

### **Features of primary markets are**

- This is the market for new long term equity capital. The primary market is the market where the securities are sold for the first time. Therefore it is also called the new issue market (NIM).
- In a primary issue, the securities are issued by the company directly to investors.
- The company receives the money and issues new security certificates to the investors.
- Primary issues are used by companies for the purpose of setting up new business or for expanding or modernizing the existing business.
- The primary market performs the crucial function of facilitating capital formation in the economy.
- The new issue market does not include certain other sources of new long term external finance, such as loans from financial institutions. Borrowers in the new issue market may be raising capital for converting private capital into public capital; this is known as "going public."
- The financial assets sold can only be redeemed by the original holder.

### **Regulatory Reforms in Indian Primary Capital Market**

The development and reforms in Indian primary market since 1992 can be summarized as follows :

At present, the five main Acts governing the securities markets are (a) the SEBI Act, 1992; (b) the Companies Act, 1956, which sets the code of conduct for the corporate sector in relation to issuance, allotment, and transfer of securities, and disclosures to be made in public issues; (c) the Securities Contracts (Regulation) Act, 1956, which provides for the regulation of transactions in securities through control over stock exchanges; (d) the Depositories Act, 1996 which provides for electronic maintenance and transfer of ownership of demat (dematerialized) shares; and (e) the Prevention of Money Laundering Act, 2002.

### **Legislations**

**The SEBI Act, 1992:** The SEBI Act, 1992 was enacted to empower SEBI with statutory powers for (a) protecting the interests of investors in securities, (b) promoting the development of the securities market, and (c) regulating the securities market. Its regulatory jurisdiction extends over corporates in the issuance of capital and transfer of securities, in addition to all intermediaries and persons associated with the securities market. It can conduct enquiries, audits, and inspection of all concerned, and adjudicate offences under the Act. It has the powers to register and regulate all market intermediaries, as well as to penalize them in case of violations of the provisions of the Act, Rules, and Regulations made thereunder. SEBI has full autonomy and the authority to regulate and develop an orderly securities market.

**Securities Contracts (Regulation) Act, 1956:** This Act provides for the direct and indirect control of virtually all aspects of securities trading and the running of stock exchanges, and aims to prevent undesirable transactions in securities. It gives the Central Government regulatory jurisdiction over (a) stock exchanges through a process of recognition and continued supervision, (b) contracts in securities, and (c) the listing of securities on the stock

exchanges. As a condition of recognition, a stock exchange complies with the conditions prescribed by the Central Government. Organized trading activity in securities takes place on a specified recognized stock exchange. The stock exchanges determine their own listing regulations, which have to conform to the minimum listing criteria set out in the Rules.

**Depositories Act, 1996:** The Depositories Act, 1996 provides for the establishment of depositories in securities with the objective of ensuring free transferability of securities with speed, accuracy, and security by (a) making securities of public limited companies freely transferable, subject to certain exceptions; (b) dematerializing the securities in the depository mode; and (c) providing for the maintenance of ownership records in a book entry form. In order to streamline the settlement process, the Act envisages the transfer of ownership of securities electronically by book entry, without making the securities move from person to person. The Act has made the securities of all public limited companies freely transferable, restricting the company's right to use discretion in effecting the transfer of securities, and the transfer deed and other procedural requirements under the Companies Act have been dispensed with.

**Companies Act, 1956:** It deals with the issue, allotment, and transfer of securities, as well as various aspects relating to company management. It provides the standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and the management's perception of risk factors. It also regulates underwriting, the use of premium and discounts on issues, rights, and bonus issues, the payment of interest and dividends, the supply of annual reports, and other information.

**Prevention of Money Laundering Act, 2002:** The primary objective of this Act is to prevent money laundering, and to allow the confiscation of property derived from or involved in money laundering. According to the definition of "money laundering," anyone who acquires, owns, possess, or transfers any proceeds of crime, or knowingly enters into any transaction that is related to the proceeds of crime either directly or indirectly, or conceals or aids in the concealment of the proceeds or gains of crime within India or outside India commits the offence of money laundering. Besides prescribing the punishment for this offence, the Act provides other measures for the prevention of money laundering. The Act also casts an obligation on the intermediaries, the banking companies, etc. to furnish information of such prescribed transactions to the Financial Intelligence Unit-India, to appoint a principal officer, to maintain certain records, etc.

## TRENDS IN INDIAN PRIMARY CAPITAL MARKET

The issuers mobilize resources through public issues and private placements. The resources that are raised by corporate and the government from domestic as well as international markets are presented in Table -01.

**Table -01: Resource Mobilization by Government and Corporate Sector**

	Issues	2009-10		2010-11		2011-12	
		Amount	%	Amount	%	Amount	%
<b>Corporate Securities</b>	Domestic Issues	21,87,281	50	36,87,586	49	26,32,243	49
	Public Issues	1,46,710	3	2,54,790	3	2,48,300	5
	Private Placement	20,40,571	46	34,32,796	46	23,83,943	44
	Euro Issues	47,880	1	1,59,670	2	94,410	2
	<b>Total (1)</b>	<b>44,22,442</b>	<b>100</b>	<b>75,34,842</b>	<b>100</b>	<b>53,58,896</b>	<b>100</b>
	<b>Government Securities</b>	Central Government	31,85,500	73	49,24,970	79	47,94,820
State Government		11,81,380	27	13,11,220	21	10,40,390	18
<b>Total (2)</b>		<b>43,66,880</b>	<b>100</b>	<b>62,36,190</b>	<b>100</b>	<b>58,35,210</b>	<b>100</b>
<b>Total (1+2)</b>		<b>87,89,322</b>	<b>26</b>	<b>1,37,71,032</b>	<b>40.7</b>	<b>1,11,94,106</b>	<b>33.1</b>

*Source: Compiled from RBI Reports*

From the above table it can be conferred that the total resources mobilized through corporate and government securities in 2011–2012 decreased by 7 percent compared to the figures for the previous year. The resources mobilized in 2011–2012 amounted to 1,11,94,106 million as against 1,37,71,032 million in 2010–2011. The maximum of the resources are mobilized in corporate sector through the domestic and private placement issues. The least percentage of the resources mobilized with public and euro issues during 2010-12. Whereas in government sector, maximum funds are raised in primary capital market through the central government issues only.

**Table -02: Resource Mobilization from Public and Rights Issues**

Issues		2010-11		2011-12		(Apr - Sep'12)	
		Amount	%	Amount	%	Amount	%
<b>1. Public Issues</b>	Public Issues	4,67,366	49	4,86,540	45	95,590	40
	Public Issues (IPO)	2,46,961	26	3,55,590	34	49,810	21
	Public Issues (FPO)	2,20,405	23	1,30,950	12	45,780	19
	Public Issues (Bond/NCD)	25,000	3	94,510	8	46,950	19
		<b>9,59,732</b>	<b>100</b>	<b>10,67,590</b>	<b>100</b>	<b>2,38,130</b>	<b>100</b>
<b>2. Rights Issues</b>		83,186	<b>100</b>	95,030	<b>100</b>	20,880	<b>100</b>
<b>Total (1+2)</b>		<b>10,42,918</b>	<b>47</b>	<b>11,62,620</b>	<b>53</b>	<b>2,59,010</b>	

Source: Compiled from SEBI reports

Note: All offers for sale are initial public offers, and hence, are already counted under IPOs

The above table shows the year 2011–2012 witnessed an upsurge in the primary market activity of public issues of listed companies. In 2011- 2012, the resources mobilized from public and rights issues increased by 6 percent to 11,62,620 million compared to 10,42,918 million in 2010–2011. Resource mobilization by way of IPOs leaped to 355,590 million in 2011–2012 from 246,961 million in 2010–2011. Though the total number of FPOs in 2011–2012 remained flat at five, there was a drastic drop in resource mobilization, from 2,20,405 million in 2010–2011 to 130,950 million in 2011–2012. The share of equity public issues in the total resources mobilized witnessed a slight increase from 3 percent in 2010–2011 to 8 percent in 2011–2012. The mobilization of resources through right issues recorded a rise in 2011–2012. It is witnessed that, a jump from 83,186 in 2009–2010 to 95,030 in 2011–2012.

**Table -03: Sector-wise Distribution of Resources Mobilised**

The sector-wise break-up of the amount raised in the primary capital market during the study period has been presented in Table-03.

Sector wise	2010-11		2011-12		(Apr - Sep'12)	
	Amount	%	Amount	%	Amount	%
Private	3,24,770	56.4	2,93,850	43.5	1,00,100	61.2
Public	2,50,780	43.6	3,82,230	56.5	63,320	38.8
<b>Total</b>	<b>5,75,550</b>	<b>100</b>	<b>6,76,090</b>	<b>100</b>	<b>1,63,420</b>	<b>100</b>

Source: SEBI

The above table explains that, during the period April–September 2012, private issuers raised 100,100 million— 61.2 percent of what they mobilized in 2011–2012—whereas public issuers remained dormant as they raised 63,320 million—38.8 percent of the capital mobilized in 2011–2012. The sector-wise classification of capital mobilized reveals that the private sector companies enjoy their growing importance in terms of amount of capital raised in 2012-2013. Moreover, the sector-wise percentage share of amount has also been different during the study period.

**Table - 04: Industry-wise Distribution of Resources Mobilized**

Number	2010-11		2011-12		(Apr - Sep'12)	
	Amount (₹ mn)	%	Amount (₹ mn)	%	Amount (₹ mn)	%
Banking/FIs	31,380	5.45	172,480	25.50	46,950	28.73
Cement &	27,800	4.83	28,410	4.20	600	0.37
Chemical	360	0.06	2,470	0.40	-	0.00
Electronics	11,560	2.01	-	0.00	1,210	0.74
Engineering	500	0.09	13,940	2.10	2,170	1.33
Entertainment	24,610	4.28	7,150	1.10	-	0.00
Finance	18,260	3.17	22,100	3.30	76,990	47.11
Food Processing	4,430	0.77	12,450	1.80	-	0.00
Healthcare	10,590	1.84	2,920	0.40	650	0.40
Information	5,400	0.94	1,700	0.30	1,380	0.84
Paper & Pulp	350	0.06	-	0.00	3,060	1.87
Power	252,930	43.95	94,690	14.00	-	0.00
Telecom	-	0.00	-	0.00	-	0.00
Textile	2,370	0.41	2,070	0.30	-	0.00
Others	185,010	32.14	315,710	46.60	30,410	18.61
<b>Total</b>	<b>575,550</b>	<b>100.00</b>	<b>676,090</b>	<b>100</b>	<b>163,420</b>	<b>100</b>

Source: SEBI



The above table shows the major industries including Banking / Financial Institutions, Cement, Chemical, Finance, IT, Telecom, and Textiles emerged as major industries obtaining capital from the new issue market in India. The banking sector contributed the maximum share (25.5 percent) of the total resources mobilized during 2011–2012, mobilizing 172,480 million. It shows the consistency in raising capital during the study period. The finance sector was at the leading position in the league with 76,990 million, accounting for 47.11 percent of the total resources mobilized in the first six months of FY 2013. In 2011–2012, the finance sector contributed only 3.30 per cent to the total resources. Over the years, several industries have emerged as the major contributors of the resources mobilized in Indian primary capital market. Finally, the trends in terms of number of issues industry-wise in primary market do not reveal any consistency.

**Table -05: Size-wise Distribution of Resources Mobilized**

Issue Size	2010-11		2011-12		(Apr - Sep'12)	
	Amount	%	Amount	Percentage	Amount	Percentage
< ` 5 crore	20	0.00	20	0.00	90	0.06
≥ ` 5 crore & < ` 10 crore	240	0.04	110	0.02	0	-
≥ ` 10 crore & < ` 50 crore	5,960	1.04	4,550	0.67	4,360	2.67
≥ ` 50 crore & < ` 100 crore	6,360	1.11	14,060	2.08	7,340	4.49
≥ ` 100 crore	562,980	97.81	657,350	97.23	151,620	92.78
<b>Total</b>	575,560	100.00	676,090	100.00	163,420	100.00

Source: SEBI

Table- 05 exhibits that, the size-wise distribution of public and rights issues in 2011–2012. Size-wise distribution of new issues explains that issues of different size have accessed the market in the different years. About 97.23 percent of the resource mobilization was through public issues of issue size above ` 100 crore. The number of issues of all the other size groups witnessed significant improvement except below Rs. 5 crore and above Rs. 5 crore & below Rs. 10 crore category which recorded marginal decline. It can be confirmed that, from the above 10 crore category which is recorded as consistency during the study period.

## CONCLUSION

In primary market, resources are mobilized through public and rights issues. The analysis of published data relating to the number of issues raised indicates a declining trend. The analysis based upon the amount of capital raised by public and rights issues has shown increased mobilization of funds during the study period. Private sector companies were on the top in opening the new issues in primary capital market in India during the study period. Sector-wise analysis shows that both in terms of number of issues and capital raised, the private sector dominates the primary market. This may be the impact of ongoing liberalization process being adopted by Indian economy. Industry-wise break-up of funds mobilized indicates that banking/financial institutions sector continued to dominate the primary market both in terms of number of issues and amount raised. The public sector dominates India's banking sector. This can be attributed mainly to comprehensive banking sector reforms process initiated in 1991 to enhance its efficiency and commercial orientation. Size-wise analysis shows that issues of different sizes have accessed the market in different years.

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***Innovative and Creative Human resource Management  
Practices in Global Corporate World***

**Dr.B. Jaya Prakash**

Department of Business Administration,  
PG Centre P.B. Siddhartha College of Arts & Science  
, Vijayawada, A.P.,  
JP\_bollimpalli@yahoo.co.in  
MOBILE: 09849813969.

**Md. S.Rahaman**

Department of Business Administration,  
PG Centre P.B. Siddhartha College of Arts & Science,  
Vijayawada, A.P.,  
mdsrahman2007@yahoo.com mobile: 09866965767

## **Abstract**

The rapid rise of multinational Corporations (MNCs) from emerging economies has led to greater interest and urgency in developing a better understanding of the deployment and diffusion of managerial practices and strategies from their perspective. Human Resources (HR) is a rapidly developing business function. The young HR professionals enjoy the excellent career in the area of the HR Management. They contribute to the steadily development of the competitive advantage. The organization does have to focus on building innovative and creative human resource management practices. The HR Management becomes the strategic advantage of the organization. The HR Roles and Responsibilities in the organization do change dramatically. The organization requires the motivated workforce, skilled managers and inspirational leaders. HR develops tools, programs and procedures to build a better organization, which can compete successfully on the market. Therefore the innovative and modern HR Management becomes essential in today's competitive global corporate world.

## **Introduction**

The innovative and creative HRM is about the performance management, internal equity, succession planning, talent development, and providing competitive benefits. The development of the innovative Human Resources is a long journey. It took many years to design and develop the efficient HR Business creative Model, but the modern organizations do realize benefits of the design. The HR Management focuses on the building the uniqueness in the organization and providing simple, useful tools for managers and employees. The primary focus of HR changed from providing services to employees to providing managerial and leadership tools to managers. HR does help to employees by cultivating the corporate culture and by teaching managers to be better managers.

The constantly changing business scenario of globalization and privatization has changed the working nature of an organization. This is more so with the organizations in the knowledge industry where the employees, the 'human capital' are the revenue generators of a company. This makes Human Resource Management an important part of the organization. Its measurement plays a major role in the effective management of human capital that is likely to impact upon the organization's performance in the market place. The human capital measures are soft measures that are the strongest link to a company's financial success. The best HR practices like Work-life balance, Compensation, Recruitment and selection, Health and safety, Labor management relations, Employee ownership, and Workforce retention etc. play a very important role. Measuring human capital using the above core set of measures enables an organization to track its human capital management and HR programs that relentlessly drive corporate results. Human Resource Management helps in bringing HR nearer to its strategic role by signifying those issues, such as ROI of HR practices that bring in a marked difference in the growth and success of an organization. It decides the future course of an organization guides the investment decisions and provides understanding of the benefits and transaction in people's decisions. Currently, HRM has become the prime cause of prosperity and wealth creation. It is the finer management and measurement of human capital, which determine rewards and shareholders' value in the marketplace. This trend has been catching up with various global companies such as Infosys, IBM, and Tata etc.

**Pharmaceutical Industry** that attracts retains and develop the most competent and productive employees are likely to enjoy a real competitive advantage. Research recently conducted by the Accenture for High Performance Business and Science Magazine shed new light on the link between human capital development and financial performance. The research show that pharmaceutical companies that are good at developing human capital in terms of leadership work environment, work/life balance and academic collaboration also experience higher performance in revenue growth rates. High performance pharmaceutical companies are more likely to boast of adaptive, risk-taking leaders who promote employee autonomy. They are also more likely to create and maintain a work environment that values employee diversity, rewards individual employee performance, and encourages continued learning and training.

## **The Innovative HR Practices in Global Firms**

Today's human resource management cannot set itself aside as the mere functional department for common welfare, selection, rewards, recognition, compensation, remuneration, work culture and productivity of employees. As the corporate and business process is growing in services and innovations, the choice for a better job is huge for any employee in the present employment scenario. Most challenging task for the human resource manager in the present scenario is the talent hunt and hiring process and retention of talented as well as most productive employees in the company. This focus is acutely present in the HR policies of the companies with most innovative human resource management practice. Here we would introduce some of the greatest global companies with most innovative human resource management practice.

### **Syntel**

This global IT Company recently awarded in several categories of human resource management in the HRD congress. The use of technology for achievement of strategic HR objectives and creative practices in HR solution made it to be one of the most valued companies with most innovative HRM practices.

### **Google**

Google is still considered to be one of the most popular and preferred destination for the career aspirants in information technology. Google is a brand name where ideas of the employees are most valued and encouraged and it has a unique culture for supporting the employee at every possible difficulty. The most innovative idea of Google is to encourage the employees to spend 20% of their productive time on their own creative ideas and value addition initiatives.

### **Larsen and Toubro**

L&T engineering and construction division is recently awarded the Asia Pacific HR Conclave Award for most innovative HR practices. The main strength of the company's HR practice lies in rigorous and continuous training in general management, technical disciplines and business policy and this made L&T as one of the top companies with most innovative human resource management practices.

### **Infosys**

Training at Infosys was an ongoing process. When new recruits from colleges joined Infosys, they were trained through fresher training courses. They were trained then on new processes and technologies. As they reached the higher levels, they were trained on project management and later were sent for management development programs, followed by leadership development programs.

Infosys conducted a 14.5 week technical training program for all new entrants. The company spent around Rs. 200,000 per year on training each new entrant. The new recruits were trained at the Global Education Center (GEC) in Mysore, which had world class training facilities and the capacity to train more than 4500 employees at a time. GEC, which was

inaugurated in February 2005, was spread over 270 acres and was the largest corporate training center in the world with 58 training rooms and 183 faculty rooms.

**Focus on Learning:** A lot of investment in employee-focused resources (e-Learning) and creating libraries for employees, holding workshops. All employees are eligible for ESOPs after **one year of joining**

### **Accenture**

All Accenture employees have career counselors, typically two levels above them in the hierarchy, who are given a budget and specific time to mould the career of their wards.

It has a Cross Entity Leadership Program to allow people to switch between businesses, and all openings are posted on internal portals. It allows employees to work from home and also work part time. It has set up an In-house Event Management arm and employees who take part in clubs and special interest groups are expected to conceive and run programmes for each of these initiatives, ranging from sports to corporate social responsibility.

### **Texas Instruments**

Measuring the results of recruiting efforts is the best way to determine the success of a recruiting program, according to Texas Instruments (TI). Not only does the company track traditional measures, such as hiring cycle time and cost-to-hire, to ensure productivity, it also uses a quality-of-hire metric to determine whether it's getting the right talent for the right job.

Four months after an employee is hired at Texas Instruments, his/her manager are asked to rate the employee (as part of a survey) on whether the person is "meeting", "not meeting", or "exceeding" the manager's expectations. Currently, TI managers report that 97 percent of their new hires are exceeding expectations. New employees are also surveyed to see if the job they are performing is what they had expected.

Above mentioned companies with most innovative human resource management practices have a significantly higher rate of retention and gross wellbeing of the employees which made these companies a preferred place of work.

### **The Creative and Innovative HR Practices**

#### ➤ ***Safe, Healthy and Happy Workplace***

A safe and happy workplace makes the employees feel good about being there. Each one is given importance and provided the security that gives them the motivation and incentive to stay. This is usually achieved through internal surveys to find out whether they are satisfied and if not what they think needs to be changed. Creating

a safe, healthy and happy workplace will ensure that your employees feel homely and stay with your organization for a very long time.

- **Open Book Management Style** Sharing information about contracts, sales, new clients, management objectives, company policies, employee personal data etc. ensures that the employees are as enthusiastic about the business as the management. Through this open book process you can gradually create a culture of participative management and ignite the creative endeavor of your work force.. It involves making people an interested party to your strategic decisions, thus aligning them to your business objectives. Be as open as you can. It helps in building trust & motivates employees. Employee self service portal, Manager on-line etc. are the tools available today to the management to practice this style.
- **Performance linked Bonuses** Paying out bonuses or having any kind of variable compensation plan can be both an incentive and disillusionment, based on how it is administered and communicated. Bonus must be designed in such a way that people understand that there is no payout unless the company hits a certain level of profitability. Additional criteria could be the team's success and the individual's performance. Never pay out bonus without measuring performance, unless it is a statutory obligation
- **360 Degree Performance Management Feedback System** This system, which solicits feedback from seniors (including the boss), peers and subordinates, has been increasingly embraced as the best of all available methods for collecting performance feedback. Gone are the days of working hard to impress only one person, now the opinions of all matter, especially if you are in a leadership role (at any level). Every person in the team is responsible for giving relevant, positive and constructive feedback. Such systems also help in identifying leaders for higher level positions in the organization. Senior managers could use this feedback for self development.
- **Fair Evaluation System for Employees** Develop an evaluation system that clearly links individual performance to corporate business goals and priorities. Each employee should have well defined reporting relationships. Self rating as a part of evaluation process empowers employees. Evaluation becomes fairer if it is based on the records of periodic counseling & achievements of the employee, tracked over the year. For higher objectivity, besides the immediate boss, each employee should be screened by the next higher level (often called a Reviewer). Cross - functional feedback, if obtained by the immediate boss from another manager (for whom this employee's work is also important), will add to the fairness of the system. A relative rating of all subordinates reporting to the same manager is another tool for fairness of evaluation. Normalization of evaluation is yet another dimension of improving fairness.
- **Knowledge Sharing** Adopt a systematic approach to ensure that knowledge management supports strategy. Store knowledge in databases to provide greater access to information posted either by the company or the employees on the knowledge portals of the company. When an employee returns after attending any competencies or skills development program, sharing essential knowledge with others could be made



mandatory. Innovative ideas (implemented at the work place) are good to be posted on these knowledge sharing platforms. However, what to store & how to maintain a Knowledge base requires deep thinking to avoid clutter.

- **Highlight performers** Create profiles of top performers and make these visible through company intranet, display boards etc. It will encourage others to put in their best, thereby creating a competitive environment within the company. If a systems approach is followed to shortlist high performers, you can surely avoid disgruntlements.
- **Open house discussions and feedback mechanism** Ideas rule the world. Great organizations recognize, nurture and execute great ideas. Employees are the biggest source of ideas. The only thing that can stop great ideas flooding your organization is the lack of an appropriate mechanism to capture ideas. Open house discussions, employee-management meets, suggestion boxes and ideas capture tools such as Critical Incidents diaries are the building blocks that can help the Managers to identify & develop talent.
- **Reward Ceremonies** Merely recognizing talent does not work, you need to couple it with ceremonies where recognition is broadcast. Looking at the Dollar Check is often less significant than listening to the thunderous applause by colleagues in a public forum.
- **Delight Employees with the Unexpected** The last but not least way is to occasionally delight your employees with unexpected things that may come in the form of a reward, a gift or a well-done certificate. Reward not only the top performers but also a few others who are in need of motivation to exhibit their potential. EmpXtrack' is a composite HR solution which helps in the institutionalization of most of these best practices by utilizing software tools. EmpXtrack team is always available to provide you with systems which are synchronized with your HR processes

## Conclusion

It is required of an organization to successfully manage and measure its human capital and create competitive business advantage through effective human talent performance. Companies employing Human Capital measurement are more likely to build and sustain an environment that is valued by the employees. An employer's initiatives in employees' welfare and benefits, work-life balance and their social undertakings outside the organization boost the employees' pride, satisfaction and loyalty towards their organizations and reduce employee burnout, tardiness and turnover. These factors lead to excellent human capital performance and outstanding financial performance of the company. This has a significant impact upon the long-term performance of the company and in the shareholders' profit maximization. Such healthy HR practices encourage the growth of the organization as employees after all play a major role in the well-being of a company. Making an employee feel like a million dollars pays in the form of the success of an organization.

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# ***Application of Blue Ocean Strategy in Global Competitive Corporate World***

**Dr. Bharat A. Meghe**

Faculty of Commerce, Kamla Neharu College  
Nagpur  
**bharatmeghe@yahoo.com**

**Dr. B. Jaya Prakash**

Department of Business Administration, PG Centre,  
P.B. Siddhartha College of Arts & Science  
, Vijayawada, A.P.  
jp\_bollimpalli@yahoo.co.in

**Md. S. Rahaman**

Department of Business Administration,  
PG Centre, P B Siddhartha College of Arts & Science,  
Vijayawada, A.P.  
mdsrahaman2007@yahoo.com  
mdsrahaman2007@yahoo.com

## ABSTRACT

Companies have long engaged in head-to-head competition in search of sustained, profitable growth. They have fought for competitive advantage, battled over market share, and struggled for differentiation. Yet in today's overcrowded industries competing heavily and results bloody 'Red Ocean' of rivals fighting over a shrinking profit pool characterized by increasing levels of commoditization. To avoid costly competition, firms can innovate or expand in the hope of finding a blue ocean. A blue ocean exists where no firms currently operate, leaving the company to expand without competition. **Blue Ocean Strategy** offers a new perspective on strategy formulation and execution. It helps to go beyond traditional approaches to strategy and makes the competition irrelevant. BOS is a strategy development framework for the forward looking leadership team, seeking not only to survive but respond with creative game-changing approaches to drive sustainable business growth. This article stresses on BOS and its application in various corporate organizations for their growth and profitability.

## Introduction

In an established industry, companies compete with each other for every piece of available market share. The competition is often so intense that some firms cannot sustain themselves and stop operating. This type of industry describes a red ocean, representing saturated market share, bloodied by competition. To avoid costly competition, firms can innovate or expand in the hope of finding a blue ocean. A blue ocean exists where no firms currently operate, leaving the company to expand without competition. **Blue Ocean Strategy** offers a new perspective on strategy formulation and execution. Blue ocean strategy generally refers to the creation by a company of a new, uncontested market space that makes competitors irrelevant and that creates new consumer value often while decreasing costs. It was introduced by W. Chan Kim and Renée Mauborgne.

According to Kim and Mauborgne, markets are made up of red and blue oceans. The red ocean represents the known market space where all the industries currently exist. In this space all the boundaries are defined and accepted, with companies trying to outperform each other. However, as the market space becomes congested, the potential for profits and growth decrease. In contrast, blue oceans are untapped market space characterized by demand creation and opportunities for highly profitable growth. Kim says “Blue Ocean Strategy goes beyond competition by opening up a larger ‘pie.’ It challenges the traditional structuralist view of strategy that regards industry structure as fixed and given. In contrast, Blue Ocean Strategy is based on a Reconstructionist view of strategy whereby companies can shift the productivity frontier outwards by reconstructing market boundaries to create a bigger economic pie.”

### **Guidelines may be proposed to companies seeking to create blue oceans:**

- Identify the key features/ dimensions that currently define a product/ service.
- Identify a group of customers who only value a subset of these features. These customers may be currently using lower end alternatives, or may be very different from the current customers while having needs that are similar at some fundamental level.
- Make the product or service not as good on the dimensions less valued by new target customers. This step is counter-intuitive but necessary in order to create value while decreasing cost.
- Consider making the new product or service better on the dimensions valued by the new target customers and/ or introducing new features targeted to these new customers.
- Value Innovation with Blue Ocean Strategy (BOS) should provide a structured, research-based, repeatable methodology to manage the risk and uncertainty typically associated with the idea of innovation.
- BOS should forward looking leadership team, seeking not only to survive but respond with creative game-changing approaches to drive sustainable business growth.

## **Automobile Sector**

One of the key tenets of Blue Ocean strategy is to avoid head-to-head competition and look for blue oceans through market reconstruction. This effort targets new customers by looking across alternative industries, and different strategic groups within an industry. Take the automobile industry for example, with established categories in terms of price and performance such as the luxury segment, economy segment which includes small cars and compacts, etc. Usually no company attempts to create a discontinuity in terms of the price performance relationship or the way a segment is normally defined. Herein lies the opportunity of creating a blue ocean. Another cornerstone is value innovation. In the value/price trade-off, blue ocean strategy differs from traditional competitiveness strategy. Traditional strategy focuses on the trade-off between creating greater value (differentiation) at a relatively high cost, or providing reasonable value at a low cost. The idea behind blue ocean strategy is to provide both at the same time. Ex; Tata Ace (mini truck) Magic and Winger, and Nano. Value innovation of Tata brands created a brand buzz which imitators will find difficult to counter both in the country and other geographies.

### **Renault Duster**

The success story of Renault Duster is a classic example of a company benefitting by breaking into uncharted territory. This success is in large measure a result of the Indian customer's preference for SUVs (Sport Utility Vehicles) and the Duster's value proposition. Drawing an analogy with W. Chan Kim and Renée Mauborgne's Blue Ocean Strategy, value innovation in the Duster made competition irrelevant and helped Renault resuscitate its image in India after the failure of Mahindra Renault Logan. Renault differentiated the Duster by giving it an imposing road presence and macho styling of an SUV, coupled with the fuel efficiency and performance of a sedan at SUVs (Sport Utility Vehicles) and the Duster's value proposition lower cost. The innovation created a sweet spot and the brand got good word of mouth publicity. This spread awareness about the brand. Hence, despite a limited number of dealers, the Duster outsold Maruti Ertiga and matched the sales of Mahindra Scorpio, both with a comparatively extended dealer network. However, the challenge for Renault is to safeguard its position in the face of growing competition. The immediate threat is from Ford's Eco Sport, an SUV just below four metres, which is exempt from excise duty, unlike the Duster. This presented an opportunity for Ford to price the vehicle even more aggressively. Thus, Renault should focus on increasing market share for the Duster by a mid-generational refresh.

### **Microfinance**

Another example of making competition irrelevant is the micro finance institutions working amongst the poor. Traditional wisdom suggests bankers should avoid lending to the rural poor in less developed and developing countries. Until recently banks held the general belief that the business of extending micro finance can never be a profitable activity. Given the vast multitude of rural poor across geographies this is clearly a large Blue Ocean. Bangladesh Grameen Bank showed that once the bankers learn how to work with the poor through micro financing, they can develop increased returns by harnessing hundreds of micro entrepreneurs. The success of Grameen Phone, a mobile

telephony joint venture between Telenor and Grameen Bank, also emphasizes this point. Extending mobile telephony use amongst previous non-customers like farmers and fishermen – in any country, be it China, India or Indonesia – requires an understanding of which add-on service provides exceptional utility to these customers and their acceptable price point. For example, informing fishermen who are out in the sea about the prices and landings in different ports or sending an early indication about a shoal of fish based on satellite imagery can be of immense commercial utility to them. Obviously the company's cost structure will have to be adjusted to meet the requirements of these customers. This thought is very similar to the Blue Ocean Idea Index suggested by Kim and Mauborgne – sustainable competitive advantage can only be derived by being increasingly useful to the consumer. The Blue Ocean idea index has four essential tenets: utility to the consumer, affordable price, affordable cost to the manufacturer and ease of adaption.

### **Indian mobile sector**

Indian mobile handset market was dominated by players like Nokia, Samsung, LG, Sony Ericsson, Motorola etc. The market was ruffled by entry of Micromax. The company came in with product offers that were in the range of Rs. 1, 500 to Rs. 2, 500. Initially the company focused on small towns and rural market but soon it started to focus on building brand image and product portfolio which attracted all. Micromax is now India's third largest GSM mobile phone vendor. Company to beat the competition: (a) increasing the battery size thereby leading to long lasting battery power. This innovation was extremely suitable for those areas in India which are suffering from erratic power supply (b) Launch of dual SIM and dual reception (GSM and CDMA) handset in the market even before world leader Nokia was able to do so in India (c) Introduction of high technology and good quality handsets, that is handsets with touch screen application or handsets with Android application at very low prices in India, (d) Micromax also introduced mobile phones with Qwerty keyboards in India at very reasonable prices (e) Building strong dealer network. The company has an estimated over 75, 000 retailers in India today. The company offers an estimated 5% commission to each of its distribution chain partners. All the above have insured that a little known Indian mobile handset manufacturing company has been able to beat the existing competition in India via creation of Blue Ocean.

### **Shaadi.com**

Shaadi.com was started by Anupam Mittal on account of his chance encounter with a marriage broker. Anupam Mittal understood that success of a marriage broker was dependent on his/her ability to match matrimony requirement of parties or families based far and apart from each other. A chance of good match making was dependent on the ability of the marriage broker to travel and communicate far and wide. It was also dependent on him or her social clout. Mr. Mittal, thus, decided to use internet as a medium to do such 'match making' thereby removing the geographical barriers applicable on regular marriage broker or match maker. Today, Shaadi.com is the largest matrimonial website in the

world with over 20 million registered users. Shaadi.com is a unique company and has succeeded in creating Blue Ocean in the unknown market space never tried before

## **Apple Computers**

Apple Computers On April 1, 1976, Apple Computer was born. Steven Wozniak, a high school drop-out who worked for Hewlett-Packard and dabbled in computer-design created what later became the 'Apple I' computer. His high school buddy Steven Jobs, also a high school drop-out, convinced Steven that the two should form a company to market the new computer, which eventually took off in 1977 with the Apple II. There are very few companies in world that have an interesting past as Apple Computers. The company at one point of time in its history, lost majority of its market share and was on the verge of liquidation. However, the company came back by reinventing itself and the concept of computers. Apple is a company that has invented many products that have revolutionized the entire computer industry. iPod, iTunes, iPhone, iPad etc are some classic examples of success of Apple Computers. Under the leadership of Steve Jobs the company was able to create many Blue Oceans within the IT Industry.

## **Blue Ocean Strategy in Optometry Industry**

Since the late twentieth century, the world has witnessed accelerated changes in business environment such as fierce competition, technological advances, change in life-style and customers' demands, and globalization. And hence profitable growth has been a great challenge in recent time; the Optometric industry is no exception to this challenge. The Blue Ocean strategy can help Optometric practices overcome these challenges. To create new value and reduce costs, four vital zones in optometric practice (product, service, staff, and management) Companies in the optometric industry should eliminate, reduce, raise and create to meet the demands of new customers and create a viable profit proposition for them.

In the product zone, products should have different values from competitors in term of tangible values (quality, features, price), and intangible values (brand, service). In the service zone, practice must provide a high quality customer service in term of follow up service, after-sale service, and any service customers 'ask. We have to be a superior in service

than our competitors. In the staff zone, company must have a highly professional staff in clinical, marketing, sales, and communication issues. Human resources are made, not born; they need follow up, training, and monitoring. In the management zone, smart business managers should have strategies concerning the staff efficiency, proper delegation, time management, inventory management, expenses analysis, marketing strategies, customer service improvement, and in every aspect of management in term of planning, organizing, leading and controlling. The investment in these four vital zones of optometric practice will lead to value innovation through affecting the costs structure and the value propositions of customers. Companies will create or raise value factors that are different from the competitors, and eliminate or reduce the factors that cost the company but don't add a value over competitors. This



will make a cost cutting in the short and long term, and create a customer values that lead to the company values in term of profitable growth.

### **The Challenge of Blue Ocean Strategy in General**

The biggest challenge in front of the companies that have been successful in creating Blue Ocean to ensure that 'Blue Ocean 'stays blue. This is because success of products of such companies is generally replicated by other companies over a period of time. To quote certain examples, dominance of Maruti-Suzuki was challenged by Hyundai in the 1990's. By the year 2009-10, Maruti also had to deal with the challenge posed by other car companies like Volkswagen, Ford, GM, Nissan etc. Similarly, Deccan Airways was soon challenged by companies/products like Spice jet, Kingfisher, Jetlite, Go Air etc. In the banking sector, ICICI is being challenged by other new age private sector banks like HDFC Bank, Yes Bank, Axis Bank etc in terms of their technology innovations and products. Success of Shaadi.com resulted in growth of similar websites like Bharat matrimony.com, jeevansaathi.com etc. Successful products of Apple Computers like iPhone, iPad, iPod etc were quickly copied by other known companies in the market. This means that a company that has been successful in creating Blue Ocean has to ensure through regular value innovations that market of its products continues to stay blue. In words of Kim and Mauborgne "Creating Blue Ocean is not a static achievement but a dynamic process. Once a company creates a blue ocean and its powerful performance is known, sooner or later imitators appear on horizon". Thus biggest challenge for a company that has been successful in creating Blue Ocean is to ensure that it continues to introduce regular value innovation otherwise there is always a possibility that the company will fail in the market soon. It is on account of the above, that Orkut was challenged by Face book and Face book still stands tall while Orkut is now dead.

### **Conclusion**

As products and services increasingly become commodities in overcrowded industries and companies, profitable growth shrinks and companies are driven to compete primarily on cost. Companies in India today are competing in the global market place where cost arbitration alone is not sufficient to differentiate and sustain the business. Historically, a recession is a time of enormous creativity and breakthrough business launches. If we look at the current Indian business models, many are not able to deliver sustained growth. It is time for companies in the sector to look into value innovation — the cornerstone of BOS. The principles of Blue Ocean Strategy apply across all types of industries — from consumer product goods, pharmaceutical, financial services, entertainment, agriculture, IT and even government. In India, we have several opportunities to leverage and apply the principles of Blue Ocean Strategy to create uncontested market space.

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***People Dimension In Organisational Success:***

***“A Talent Management Perspective”***

**H.UDAY BHASKAR**

Assistant professor,  
Department of MBA, AITAM College,  
Tekkali, Srikakulam, AP  
E-mail: [huday.3009@gmail.com](mailto:huday.3009@gmail.com)

**K.VENUGOPAL**

Faculty Member, Department of MBA,  
AITAM College, Tekkali, Srikakulam, AP  
Mobile: +919866663988  
E-mail: [KOPPALA71@GMAIL.COM](mailto:KOPPALA71@GMAIL.COM)

**D.VISHNUMURTY**

Professor, Department of MBA, AITAM College,  
Tekkali, Srikakulam, AP  
Mobile: +919949688627  
E-mail: [vishnudevi33@gmail.com](mailto:vishnudevi33@gmail.com)

## ***ABSTRACT***

Talent management describes the process through which employers of all kinds – firms, government, and non-profits – anticipate their human capital needs and set about meeting them. Getting the right people with the right skills into the right jobs, a common definition of talent management is the basic people management challenge in organizations. The entrepreneurial zeal and passion for achievement very heights it is obvious any organization to be grown or develop in hands of human resources in terms talent or flair. Talent is an inherent and natural ability to do something with uniqueness. Talent management implies recognizing a person's inherent skills, traits, personality and offering him a matching job. Every person has a unique talent that suits a particular job profile and any other position will cause discomfort. Researching into consumer insight, Managing a talent pipeline, Communicating awareness and Development internal talent are the common responsiveness of Talent Management. In the ongoing trends, talent management is gaining increased attention of many successful organizations. Talent management brings together the number of important human resources and management initials. Many Oranizations that formally decide to manage their talent which will emerge for strategic analysis of their business and current HR processes. This is to ensure that the integrated, coordinated and performance dividend oriental approach are practiced. This paper details how Talent Management applications play a significant role for HRD and an emphasis on expatriation and common responsiveness of Talent management.

## **INTRODUCTION:**

The function of management is to provide a sense of direction towards achieving the organizational objectives which involves a variety of tasks that perform in an environment ever changing where the management is considered to be dynamic. Further management is concerned with the considerations of several factors such as economical, political, social and human in the course of performing its function. The environment, within and out of the organizations is never constant. These factors force the management to be vibrant. Organization involves people who have to be identified, motivated, selected and provided with right leadership. It calls for considerable fact and skills on the part of the management to attract, motivate, develop and retain the human resources to perform the various tasks. For this reason management should have a quality and an art of creativity, experience, intuition and judgmental capabilities of the management or necessary to find satisfactory solution to the various problems. If any organization is to be succeeded, its human resources are to be driven accurately that recommends an effective manager.

This new age economy, with its attendant paradigm shifts in relation to the human capital, in terms of its acquisition, utilization, development and retention, has placed a heavy demand on today's HR professionals. Today HR is expected to identify potential talent and also comprehend, conceptualizing implement relevant strategies to contribute effectively to achieve organizational objectives. Hence, a serious concern of every HR manager in order to survive this 'War for Talent', is to fight against a limited and diminishing pool of qualified available candidates to replace valuable employees when they leave, dramatically underscoring the difficulty to attract, motivate and retain the best employees in an organization. To analyze the reasons, we first need to understand what "TALENT" means.

Talent is something like diamond which can be represent itself as a stone for a common man but the value what it renders is something different. Talent management implies recognizing a person's inherent skills, traits, personality and offering him a matching job (Salman, 2004). Every person has a unique talent that suits a particular job profile and any other position will cause discomfort. Talent management describes the process through which employers of all kinds – firms, government, and non-profits – anticipate their human capital needs and set about meeting them. Getting the right people with the right skills into the right jobs, a common definition of talent management is the basic people management challenge in organizations. While the focus of talent management tends to be on management and executive positions, the issues apply to all jobs that are hard to fill. Decisions about talent management shape the competencies that organizations have and their ultimate success, and from the perspective of individuals, these decisions determine the path and pace of careers. Talent management practices can have a crucial impact on society as well. The lifetime employment model of the post-WWII generation, for example, provided the economic stability that created middle class society.

Also the failures in talent management may be more recognizable than the concept itself. Those failures mean mismatches between supply and demand: Too many employees, leading to lay-off and restructurings on one hand, and not enough talent, leading to talent crunches on the other. In India, at present it may be hard to imagine the problem of

having too much talent, but the first downturn in the economy – or even in a section of the economy – will make that clear. These mismatches are among the fundamental problems that businesses and other large employers face. Over the past generation, corporations in particular seem to have lurched from surpluses of talent to shortfalls to surpluses and back to shortfalls again. To challenge employers' face is to track much more closely the demands for talent to avoid both shortfalls and over supplies.

### **Talent management & HRD:**

The Human Resource Management (HRM) function includes Man Power Planning (a right person for right place at right time) a variety of activities and key among them is responsibility for human resources -- for deciding what staffing needs you have and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring your personnel and management practices conform to various regulations. Activities also include managing your approach to employee benefits and compensation, employee records and personnel policies. Usually small businesses (for-profit or nonprofit) have to carry out these activities themselves because they can't yet afford part- or full-time help. However, they should always ensure that employees have -- and are aware of -- personnel policies which conform to current regulations. These policies are often in the form of employee manuals, which all employees have.

### **OBJETIVES:**

1. To evaluate how Talent Management applications play a significant role for HRD
2. To categorize the efforts of hunting, developing and retaining Talents.
3. To make an emphasis on expatriation and common responsiveness of Talent Management.

### **LITERATURE REVIEW:**

People have different views and definitions. According to Leigh Branham, vice-president, consulting service at Right Management Consultants and author of the book, "Keeping People Who Keep You in Business", a talent is not rare and precious. Everyone has talent – too many to possibly name all. Talent is behavior; things we do more easily than the next person. We speak of "natural born talent" but those with a gift, knack, ability or flair for something can refine and develop that talent through experience. Talent, however, cannot be taught. As someone once said, "you can teach a turkey to climb a tree, but it is easier to hire a squirrel". Vice President, HR of Seagram, Mr. Gopi Nambiar, says talent can be best described as a combination of abilities and attitudes. The real trick is to match the right motivated talents to the right role, individually and collectively, harnessing and harmonizing this crucial attribute to achieve the objectives of your company.

Today, companies have become fiercely competitive when it comes to attracting and retaining talent. According to Branham, 75 per cent of the senior executives admit that employee retention is a major concern today, the obvious

reason being the 'increasing rate of turnover'. This dynamically changing and volatile demand-supply equation with such erratic attrition trends and cut throat competition has led organizations to focus on mechanisms pertaining to attracting and retaining talent. It is an accepted truth that turnover will happen and companies need to devise a strategy to curb unprecedented turnover from affecting organizational success. As the Director, HR (Asia) of Bausch & Lomb, Mr. P.G. George declares, achieving zero percent turnover is neither realistic nor desirable. People tend to seek change for a variety of reasons—more money, better benefits, the appearance of a greener pasture- and this has been a practice from the very beginning.

A detailed survey of the concerned literature has been carried out based on various journals, reviews concerned magazines and internet and presented below: Any Organization needs to have a vision and a well defined strategy on hiring for the future. We should have the right talent to attract and retain the best available talent for which a number of measures for talent management are required.[Karthikeyan,2007]. Emphasis has been paid on initiatives that can be put in place to help organization to retain and nurture the talent [Pandit, 2007]. The fundamental aspects about the definitions of human recourses have been discussed and planning of new models has been discussed. The need to disband the conventional school of thoughts about organizational behavior has been advocated and a new approach has been suggested for HR [Anandaram, 2007.]

The Strategic Development of Talent by William J. Rothwell " Rothwell ignites the imagination, expands the possibilities, and offers practical strategies any organization can use to effectively develop, retain and utilize talent further benefit of an organization and enter the fluid, flexible future. Managers at all levels will cheer the sanity Rothwell suggests." The Talent Management Handbook: Creating Organizational Excellence by Identifying, Developing, and Promoting Your Best People by Lance A. Berger "This is an outstanding reference work that succinctly explains a simple and practical approach to the identification, assessment and management of talent in the current, dynamic operating business environment. The book plainly gives advice on how to avoid high staff turnover, poor morale, and poor performance." (Newsletter Sridhar S Preetham July 2007), Managing talent, HRD News letter, vol 23 issue -4 Focusing on the challenge of attracting and retaining talent faced by Indian HR managers, the article outlines initiative that can be put in place to help organization retain nurture and retain the talent (Karthikeyan J May 2007) .Organization needs to have a vision and a well defined strategy on hiring for the future. Whether we have the right talents within to attract and retain the best available talent is a query to counter with a number of measures for talent management are Suggested (Pandit Y V L May 2007), Talent retention strategies in a competitive environment.

## **TALENT MANAGEMENT AND INDIA:**

Talent management implies recognizing a person's inherent skills, traits, personality and offering him a matching job. Every person has a unique talent that suits a particular job profile and any other position will cause discomfort. It is the job of the Management, particularly the HR Department, to place candidates with prudence and caution. A wrong fit will result in further hiring, re-training and other wasteful activities. Talent Management is beneficial to both the

organization and the employees. The organization benefits from: Increased productivity and capability; a better linkage between individuals' efforts and business goals; commitment of valued employees; reduced turnover; increased bench strength and a better fit between people's jobs and skills. Employees benefit from: Higher motivation and commitment; career development; increased knowledge about and contribution to company goals; sustained motivation and job satisfaction.

In these days of highly competitive world, where change is the only constant factor, it is important for an organization to develop the most important resource of all - the Human Resource. In this globalized world, it is only the Human Resource that can provide an organization the competitive edge because under the new trade agreements, technology can be easily transferred from one country to another and there is no dearth for sources of cheap finance. But it is the talented workforce that is very hard to find. The biggest problem is how to retain the present workforce and stop them from quitting? For example Infosys, Wipro, Satyam, HCL Technologies and i-Flex Solutions. These are some of the companies, which have the highest revenue growth rates year after year. Few of them also have revenues exceeding \$1 bn. They provide great work environment to their people. Good salary, perks, overseas assignments, challenging and highly competitive work environment and a great future - these are some of the factors associated with these companies. Then, can these companies be considered as the picture perfect companies with no problems whatsoever? But it's not so sure when and where the skilled people are necessary.

#### **TALENT SEARCH, DEVELOPING AND RETAINING:**

The 21<sup>st</sup> Century corporations would be looking for people with cross functional expertise, strong academic background, dynamic competencies, decision making skills and team management skills which are very crucial for creating uniqueness in their performance. The new talents are expected to utilize the scarce resources judiciously and produce excellent results – in line with the expectations of stakeholders. As companies realize the importance of Human elements in gaining a sustainable competitive advantage there would be a mad scramble for talent. In turn this would compel corporate houses to pay close attention to talent acquisition, development and retention through navel development efforts, Compensation packages and incentive schemes apart from flexible (virtual) working schedules. More & More workers would be able to process information by working at homes, dual carrier, and foreign assignments etc. in turn forcing companies to evaluate each employee's contribution carefully and pay accordingly.

The entrepreneurial zeal and passion for achievement very heights it is obvious any organization to be grown or develop in hands of human resources in terms talent or flair. Talent is an inherent and natural ability to do something with uniqueness. The nature of talent is

- (a) Varies from person to person which the appropriate talent can be identified and
- (b) Once should be go up in flames at right time



(c) Talent should gear up time to time according to the essentialities.

Strongly we can say that the talent/competitive human resources of an organization are considered as its human capital rather asset. It can be clear in the words of Max Massmer, Chairman and CEO of Robert Half International and Author of HR kit of dummies. "Companies that loose top performers may only experience declaim in productivity but also inker significant tasks in replacing these professionals".

The human resources of any organization with respect to the cadre and position, Talent of every individual employee is countable for any organizational development. Incase of any loss or labour turnover in terms of migration, brain drain, poaching or exit, the organization may lead to huge loss not only in production but also effects on human capital and economical factors. Focusing on the challenge of attracting and retaining talent faced by Indian HR managers, the article outlines initiative that can be put in place to help organization retain nurture and retain the talent.

#### **TALENT POOL: (Developing and motivating an internal cadre and for expatriation)**

It requires significant HR planning and a much longer time perspectives than the other forms. This method realizes not only on domestic industries but also the MNCs long range investment in building within its managerial ranks, international competencies though foreign work experience. (Charless M, Vance, Yongsun Paik)An earlier study of 30 leading UK multi nationals showed that stills databases and tracking systems were increasing important in tracking talent across the organization. (Senllion & Starkey-2000).

In the globalized business scenario survival in the competitive world is primary task besides all other varieties of functions. The Oragnization which is looking for the survival should seek for an advantage in the edge of massive competition. Creating a competitive advantage can be possible by the integrating manager and their potential human resources. This is outer performance of talented human capital. Geographically we can find boundaries in between countries but with an intention of unionization of nations. The concept called GATT has opened the doors for globalization with a purpose to strengthen the old economy and onwards the whole globe becomes a single village. In this connection the ethnic group of work force is playing vital role in industrial production which stands as an exemplary in the dimension of the success of any business in turn integrating capacities and philosophy of the management are to be proved in terms of identifying, hunting, selecting, motivating and developing the talent within appropriate time frame.

#### **COMMON RESPONSIVNESS OF TALENT MANAGEMENT:**

- 1) Consumer insight: Researching into consumer insight with current and potential employees, sister employees, external agencies, and bench making with external companies.

- 2) Talent pipe line: Managing a talent pipeline – trying to recruit ‘a head of the curve’ instead of the more traditional vacancy – based recruitment.
- 3) Communication: Communicating awareness in graduate schools to get the young talent for their organization.
- 4) Development: Development internal talent with appropriate training methods.

No doubt, Human capital is more sensitive than any other capital. After globalization the economical reforms of former prime minister Sri P.V.Narasimha Rao Government the Indian business trends streamlined rapidly towards westernization which created the platform to involve in world wide competitive business. Then the time arrived to recognize, develop and ensure the retention of talent

## **CONCLUSION:**

In the on going trends, talent management is gaining increased attention of many successful organizations. Talent Management brings together the number of important human resources and management initiatives. Many Organizations that formally decide to manage their talent which will emerge for strategic analysis of their business and current HR processes. This is to ensure that the integrated, coordinated and performance dividend oriented approach are practiced. Human Resource experts in the industry believe matching the right blend of talent with the right job profile can lead to superior performance. The present scenario with abundant opportunities has triggered a wave of employees, perpetually “on the move, by focusing on productivity, organizations are realizing that it is imperative to hire employees who can do the job and be successful at it. The organizations no longer want to just hire to fire, but are striving to find the right people, bring them into the organization, developing accordingly and retain their services. As the leading HR heads of the country point out, the solution is not just about finding the correct retention mechanisms, but it starts from the very beginning by devising ways to acquire the right people for the right jobs. Further studies are much recommended evaluate how talent Management is associated with different industries and different disciplines.

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## ***DQ: The Performance in Rapid Business Processes***

**Manish Kumar Dubey**

*Department of MCA  
Bharati Vidyapeeths IMIT Navi Mumbai  
dby.manish@gmail.com*

**Pratibha M. Deshmukh**

*Department of MCA  
Bharati Vidyapeeths IMIT Navi Mumbai  
pratibhadeshmukh02@gmail.com*

## **Abstract**

The age of technology is growing very fast. Users are getting a choice to shift from one screen to another screen and developers are giving the multiple choices to the user to construct the screen based on the user's requirement. In whole scenario database(DB) is playing a major role to access the part of data from the large amount of database or else sometimes the different types of data is shifting from one screen to another screen. This screen may change from monitor screen to mobile phone. In this case the performance of data has become very important. The solution can be identified by using QMQ with Dynamic queries to handle a portion of data from the large amount of database.

## **I. INTRODUCTION**

A *Dynamic Query* is a pre-configured search against either an LDAP directory or a DBMS that returns, at a minimum, a series of e-mail addresses, and may also return associated information, such as the customer's full name or complete address. Queries can be used for assigning privileges to the user for different purposes for instance, to grant all members of the COMP\_HR Windows Security Group permission to post to the HR-Guidelines.

All dynamic queries are defined ahead of time by the LISTSERV administrator. List owners cannot create their own queries, but they can make use of pre-defined queries and supply parameters to these queries. The purpose of LISTSERV administrator is to determine how these parameters are supposed to be used. For instance, the administrator could define a query that matches all customers of a particular Windows Security Group, specified as a parameter. List owners could then provide the group name when they refer to the query. Queries whose definition contains no parameters cannot be altered by list owners.

Dynamic queries are executed only when, LISTSERV needs access to the query results to complete a task. A dormant query consumes no resources. LISTSERV execute queries when verifying the syntax of list header changes. If parameter was spelled incorrectly, LISTSERV rejects invalid queries and issues a warning when the query is valid, but returns no data.

Queries can also be used to create dynamic sub-lists. You can use expressions in queries to create queries that change based on values in the report. Using dynamic queries, you can alter the basic structure of a query when the report is run. You must use the generic query designer to write a query expression. Also, if you use an expression for a query, Report Designer cannot automatically derive fields and parameters from the query. You have to manually define all of the fields that the query is expected to return. You must also manually define report and query parameters. One way to simplify this process is to write a normal query that returns the same fields and uses the same parameters that the query expression does. Report Designer can use this query to automatically derive the fields and parameters. After this is done, you can change the query to an expression.

## **II. THE PROCESS OF EXECUTION OF DYNAMIC QUIRES**

Dynamic queries were originally conceived as a visualization technique for very large database implementations. Dynamic queries can allow the user to specify certain selection criteria continuously and simultaneously in order to see how the data that satisfies the criteria changes. Dynamic Queries are not pre-processed.

Dynamic queries are represented by a number of widgets such as a slider. A slider may have a label with a field indicating current value, a slider bar with a drag box and value at each end of the slider to indicate the minimum and maximum values. When one drags the box using the mouse, the value in the slider changes. The interaction between the dynamic query mechanism and the database visualization interface is very important.

For example, there is a graphical map on a webpage displaying the multiple locations of a flat of a building for purchase and all the data on the map (number of flats, specification of flats, are mapped into a database). The webpage contains a slider such that moving the slide to minimum or maximum changes the selection criteria.

Dynamic queries can allow one to identify quickly which flats are the expensive kinds and which ones are not within the certain coverage area. Queries change with the movement of the slider, so this is the perfect example of dynamic query. Infect with a graphical interface linked to dynamic queries, even very novice users or non-technical people can be allowed to work with little or no training on certain software applications that feature powerful functionalities. Now-a-days data driven business environment, more and more data are coming in and out of corporate data warehouses or large amount of data base. Earlier the scenario was totally different. Only Top management of the industry need frequent access to updated data but now-a-days scenario is that every employee in the industry needs to access data At the same time the same data can be shared by multiple department of the same company.

### **III. HOW TO CREATE DYNAMIC QUERY**

You have two choices of creating the query. One is one time query where you will end up by running that query on a regular basis by making manual changes followed by selection criteria whenever it executed. Another one is Query/400 which allows dynamic changes followed by selection criteria. That is how the performance comes into the picture. The dynamic selection criteria is executing in batch.

#### **a. CREATING THE QMQRy :**

You must create an object type QMQRy by using QMQ command.

```
CRTQMQRy QMQRy(library/query)
  SRCFILE(library/QQMQRYSRC)
  SRCMBR(*QMQRy)
```

Creating your own PDM option to submit this command to batch. The CRTQMQRy command always compiles cleanly. This means that a successful execution of the CRTQMQRy command only means that the object has been created. It does not necessary that your resulting object can be executed. Since we are starting with a valid query and only adding a variable, we shouldn't have any problems. However, if you create your own SQL statements, be aware that there is no syntax checking done by the CRTQMQRy command.

#### **b. A SOURCE FILE FOR QUERY**

The key to making a query dynamic is converting it into a form that can accept variables. The best way to do that is to convert your query to a QMQery. A QMQery is simply an SQL statement stored in a source member. Once the SQL statement has been placed into a source member, you can replace hard-coded values from your original query with variables that can be replaced at execution time. Now create source file, use command Create Source Physical File:

```
CRTSRCPF FILE(library/QQMQRYSRC)
```

```
RCDLEN(91)
```

The record length must be 91 instead of the command default of 92, as QMQRYSRC requires a length of no more than 79 bytes for the source statement. If you specify a length of more than 91 on the CRTSRCPF command, you will not be able to run your SQL statements.

### c. SAVE QMQRYSRC

```
RTVQMQRYSRC QMQRYSRC(library/query)
```

```
SRCFILE(library/QQMQRYSRC)
```

```
SRCMBR(*QMQRYSRC)
```

```
ALWQRYSDFN(*ONLY)
```

When this command completes, you will be able to view or edit the generated SQL statement as you would any other source file member, using Source Entry Utility (SEU) or WebSphere Development Studio client (WDS) and the LPEX Editor or CODE/400.

In order to make this QMQRYSRC dynamic, you need to identify the portions of the SQL statement that you'll want to specify as variables. Typically this will be part, or all, of the Where clause, as this part of the SQL statement identifies the selection rules for your input files. Like CL, QMQRYSRC specifies variables using the ampersand (&) character. If the Where clause of your converted query contains the following:

```
WHERE DEPT = 'East'
```

And if you want to make *department* a variable, you can change the statement as follows:

```
WHERE DEPT = &DEPT
```

The variable name can be anything as long as it begins with an ampersand, is followed by an alphabetic character, and is no more than 30 characters long. Variables always should be specified in upper case.

### d. EXECUTING THE QMQRYSRC

You can now construct a program to collect your dynamic selection rules. This should contain validation logic to make sure the values specified are reasonable. Once you have captured the needed values, your program can submit a job to batch to execute the QMQRYSRC with the specified values. The command used to execute the QMQRYSRC is Start Query Management Query (STRQMQRYSRC). The syntax for this command is

```
STRQMQRYSRC QMQRYSRC(library/query)
```

```
OUTPUT(see below)
```

```
SETVAR((variable1 value1) (variable2 value2)...) 
```



You must specify a "variable value" pair for each variable you have placed into your QMQRY. I normally use Change Variable (CHGVAR) commands before the STRQMQRy to build each value, to ensure that it is the correct type and length and has all necessary components. For numeric values it is usually sufficient to do the following:

```
CHGVAR VAR(&ALPHA) VALUE(&NUMERIC)
```

Field *&ALPHA* is defined as a character variable and *&NUMERIC* is defined as a decimal value, both of the same size. For character values, you must surround the value with quotation marks. In my previous example, if the department field is 10 characters in length, I would create a CL variable with a length of 12, to contain the largest possible department value, plus the leading and trailing quotation marks. The command would be specified as follows:

```
STRQMQRy QMQRY(library/query)
```

```
    OUTPUT(see below)
```

```
    SETVAR(DEPT &DEPT)
```

There are some limitations regarding the VAR parameter: you are limited to a maximum of 50 variables that can be passed, and the maximum value length that can be passed per variable is 55 bytes.

#### IV. HOW TO RECEIVE OUTPUT OF QMQRY

The OUTPUT parameter on the STRQMQRy command allows you to produce the results of your query in three possible ways:

1. If executed interactively and you specify *OUTPUT(\*)*, the results are returned to your screen.
2. If executed in batch and you specify *OUTPUT(\*)* or *OUTPUT(\*PRINT)*, the results are returned in a spool file (QPQXPRTF).
3. If you specify *OUTPUT(\*OUTFILE)* and identify a file in the OUTFILE parameter, the results are returned in that file.

#### V. HOW TO EXECUTE

If you use the EXEC command to dynamically build the SQL statement, then SQL Server has to parse and compile the statement. You certainly lose the benefit of a precompiled query plan.

Beginning with SQL 7.0, there is a handy little proc called *sp\_executeSQL* that will accept parameterized queries. It will also attempt to re-use query plans, so if you execute the same statement multiple times, chances are you'll get a reused query plan. Cool, eh?

#### VI. DYNAMIC QUERIES AND SECURITY

Only the LISTSERV administrator can define new dynamic queries. Once a query has been defined, list owners can use them:

- For access-control purposes, without any special authorization from the LISTSERV administrator. In an access-control scenario, the result of the dynamic query is a simple yes/no/error response. The data returned by the query is processed only to the extent necessary to determine if the attempted action is authorized or not.
- For enumeration purposes, if authorized by the LISTSERV administrator (see below). The result of an enumeration is a list of e-mail addresses that LISTSERV may process further, for instance to send an administrative notice to the e-mail addresses enumerated in the “Notify=” list header keyword. In an enumeration scenario, LISTSERV only queries the e-mail and full name attributes of the directory (for DBMS queries, LISTSERV fetches all columns but discards all but the e-mail and name columns).

To augment the membership of a mailing list, if authorized by the LISTSERV administrator (see below). In this scenario, all attributes are made available.

Note that there is no way for a list owner to obtain a list of available queries. List owners can only learn of the availability of pre-defined queries from the LISTSERV administrator. List owners are also unable to view the query definition.

To authorize the use of a dynamic query in a list header keyword, the LISTSERV administrator must update the list header the first time the query is used. From then on, the list owner can take of day-to-day list header management, and in particular:

- Update other keywords in the list header than the one containing the query.
- Change non-query elements in the keyword containing the query. For instance, if the “Notify=” keyword was changed to contain a query, the list owner can add additional e-mail addresses to the keyword.
- Change the relative position of the query within the keyword. For instance, change the relative position of a query in a “Sub-Lists=” keyword, where sub-lists are processed in the specified order.
- Remove the query altogether. In that case, only the LISTSERV administrator can re-add the query.

Authorization is on a per-keyword basis, and includes all parameters. A list owner authorized to use the DEPT query with parameter HR in the “Notify=” keyword can only use it in this keyword, and with the HR parameter.

## VII. KNOWN ISSUES AND RESTRICTIONS

- **Dynamic queries disable the special DBMS sub-list traverse feature.**

When sending a posting to a super-list configured to use mail-merge for regular postings and whose sub-list recipients are hosted in a database (“DBMS= Yes” or equivalent in the list header), a special feature was activated in order to make

additional DBMS columns available to the posting. Instead of processing the distribution normally, LISTSERV traversed the sub-list tree and processed the recipients one sub-list at a time, recognizing that each sub-list might have its own set of columns coming out of different tables with different names. This feature is disabled when one or more dynamic queries are used, because they cannot be tied to a physical sub-list. This does not affect mail-merge data extracted from the dynamic query itself. This is a delicate scenario in the general case. L-Soft recommends not mixing "DBMS= Yes" and dynamic queries when mail-merge data must be extracted from both data stores.

## VIII. ADVANTAGES AND DISADVANTAGES WITH DYNAMIC QUERIES

An interface that allows **dynamic queries** has these properties representation of the request

- the graphical visualization of the database and searching results
- delivers results immediately when several parameters are changed
- visualizes result borders (min-max)
- allows beginners a faster entrance without having much practice, and still offers experts some mighty functions.

### DISADVANTAGES OF DYNAMIC QUERIES

- No specialized users are identified.
- Tool for dynamic query is not familiar to users.

## IX. CONCLUSION

Since the dynamic queries are playing an important role to access the small part of data from the database hence it could be widely used not only to access the part of data from the database but also to process the coherent data. Dynamic queries make the execution faster and increase the performance of processing and accessing the data from the database.

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***Study of Role of Knowledge Management in  
Business Development and Excellence.***

**Shubhangi Gadhwe,**

Ass Prof, MCA, GHRIIT

Shubhangi.daware@raisoni.net

**Dr. Anita Mahawadiwar,**

HoD, commerce Department, Bhiwapur college,

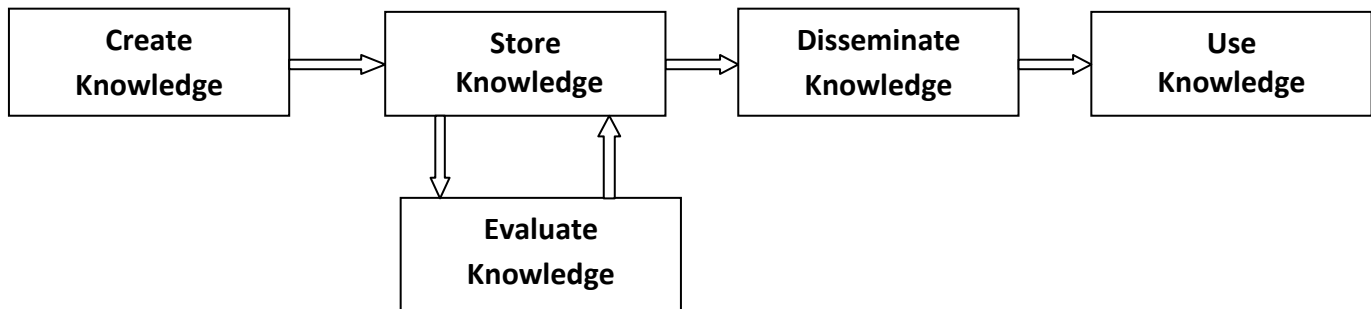
Mahawadiwar.anita@gmail.com

**Abstract:** In the ever-changing and competitive market place, organizations continuously need to improve their competitive advantage. Both knowledge management (KM) and KM systems play a pivotal role in the success of collaborative networks since information sharing and knowledge assets are so critical to the network. Knowledge management has struggled because organizations have often tried to implement large enterprise-wide knowledge management projects and failed, and also because of the complexity bringing together the many components and technologies involved. This paper gives the idea of actual what the knowledge management. Study is not limited but extended to cover the role of knowledge management in making the business successful with great excellence.

**KeyWords:** Knowledge, Management, Knowledge Management, Business Intelligence

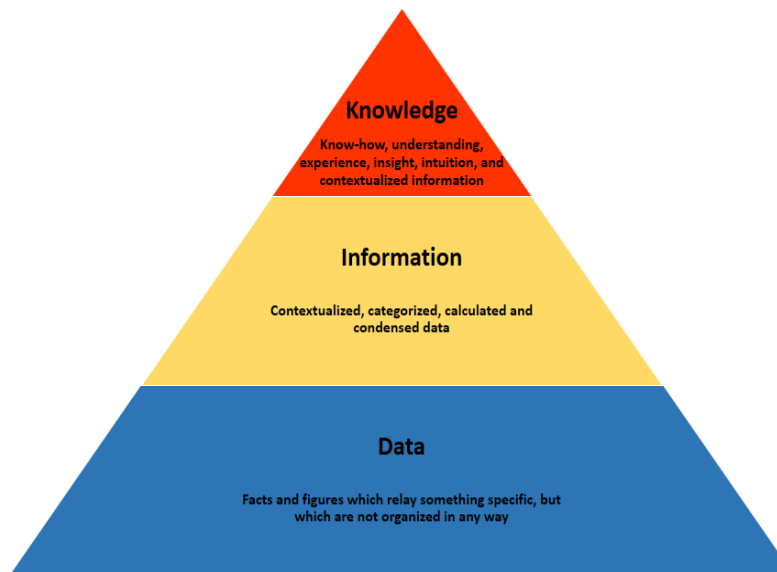
## I. INTRODUCTION

Knowledge is currently recognized as one of the most important management assets in the organizations because knowledge enables them to utilize and develop resources, enhance their fundamental competitive ability and develop substantial competitive advantage. Failure to manage knowledge effectively would result in the loss of organization's priceless inspiration and creativity. Knowledge management is emerged under the circumstances with the purpose of preserving and capitalizing on organizational knowledge for the future benefit of organization. Knowledge Management plays an important and vital role in the development of business. The journey of knowledge passes from data to information and then to the knowledge. The raw facts and figures are termed as data. Some or other meaningful data is filtered for getting the results or taking decision in any operations or processes is information. The most important and selected information which may or may not be confidential is termed as knowledge. The knowledge and information terms can be interchanged as per the use.



**Fig.1: Knowledge Management Process**

The data stored may be used or required in the future. Also its similarly applicable for information and knowledge. The huge amount of information and knowledge received has to maintain properly in certain standard formats. The storing and accessing of knowledge according to demand of applications and business is defined as management. Management in general is termed as a process of arranging, planning and coordination. Similar procedure is applicable for knowledge management.



**Fig.2: Pyramid for Data, Information & Knowledge**

Knowledge is not easily measured or audited, so organizations must manage knowledge effectively in order to take full advantage of the skills and experience inherent in their systems and structures as well as tacit knowledge belonging to the employees of the firm.

Knowledge management is an interdisciplinary concept and its emphasis on knowledge distinguishes it from other managerial approaches. Without such emphasis, knowledge management is just a renewed concept and repetitive managerial subject and it would be far from its target without a clear enunciation of knowledge. As combined term, knowledge management consists of two elements. Knowledge is a complicated issue which is not able to be converted into a science or to be expressed through a language. Always, the community is exposed to continuous changes and gradual evolutions. Manufacturing-based industrial community is changed to a service community and recently to a knowledge-based community. According to theories by management connoisseurs, in near future all manufacturing and informational sectors will be shaped on the basis of knowledge and commercial organizations will create knowledge in different ways. With the rapid and constant changes taking place in information technology and the internet, traditional business models must continue to meet the changing business environment in order to survive. Only firms participating in the creation and utilization of knowledge can hope to enjoy the rewards of business reform in today's knowledge-based economy. Thus, the issues surrounding knowledge management have attracted more and more concern from both industry and academia .

The importance of knowledge management in organizations is clear and it is seen as a competitive advantage. Organizational leaders are always looking for the reasons and main factors of success in devising a knowledge management system and to execute it in their organizations.

## II. Knowledge Management



**Fig.3: Knowledge Management**

Knowledge management is essentially about getting the right knowledge to the right person at the right time. This in itself may not seem so complex, but it implies a strong tie to corporate strategy, understanding of where and in what forms knowledge exists, creating processes that span organizational functions, and ensuring that initiatives are accepted and supported by organizational members. Knowledge management may also include new knowledge creation, or it may solely focus on knowledge sharing, storage, and refinement. It is important to remember that knowledge management is not about managing knowledge for knowledge's sake; the overall objective is to create value and to leverage, improve, and refine the firm's competences and knowledge assets to meet organizational goals and targets.

Implementing knowledge management thus has several dimensions including:

- **KM Strategy:** Knowledge management strategy must be dependent on corporate strategy. The objective is to manage, share, and create *relevant* knowledge assets that will help meet tactical and strategic requirements.
- **Organizational Culture:** The organizational culture influences the way people interact, the context within which knowledge is created, the resistance they will have towards certain changes, and ultimately the way they share (or the way they do not share) knowledge.
- **Organizational Processes:** The right processes, environments, and systems that enable KM to be implemented in the organization.



- **Management & Leadership:** KM requires competent and experienced leadership at all levels. There are a wide variety of KM-related roles that an organization may or may not need to implement, including a CKO, knowledge managers, knowledge brokers and so on.
- **Technology:** The systems, tools, and technologies that fit the organization's requirements - properly designed and implemented.
- **Politics:** The long-term support to implement and sustain initiatives that involve virtually all organizational functions, which may be costly to implement (both from the perspective of time and money), and which often do not have a directly visible return on investment

The difference, and relationship, between data and information is a common debate. Not only do these two terms have varying definitions, but they are often used interchangeably. Just a few examples include comparing and contrasting data quality with information quality, data management with information management, and data governance with information governance.

- Data – The raw material of information
- Information – Data organized and presented by someone
- Knowledge – Information read, heard, or seen, and understood
- Wisdom – Distilled and integrated knowledge and understanding
- Data – A Fact or a piece of information, or a series thereof
- Information – Knowledge discerned from data
- Business Intelligence – Information Management pertaining to an organization’s policy or decision-making, particularly when tie to strategic or operational objectives

### III. **Building Knowledge Management Frameworks and Models**

At this stage we have had a look at the components and definitions that related to knowledge management (KM). This section deals with knowledge management frameworks and models. The old saying that a picture paints a thousand words is very much applicable in this case. A good model can integrate various elements and show relationships in a way that is much harder to do in writing.

But first, what are the components of a knowledge management framework? At the most basic level, KM consists of the following steps:

- Identification of needs
- Identification of knowledge resources
- Acquisition, creation, or elimination of knowledge related resources/processes/environments
- Retrieval, application and sharing of knowledge

- Storage of knowledge

It is important to note that none of these processes are independent and all of them are affected by countless factors. This is why knowledge management frameworks are typically very different and can be presented in a wide variety of ways.

#### IV. Process of Knowledge Management:

Knowledge Management process is the process of gaining knowledge through various operations. It consists of following different phases:

1. Knowledge Discovery & Detection
2. Knowledge Organization & Assessment
3. Knowledge Sharing
4. Knowledge Reuse
5. Knowledge Creation
6. Knowledge Acquisition

#### V. Knowledge Cycle:

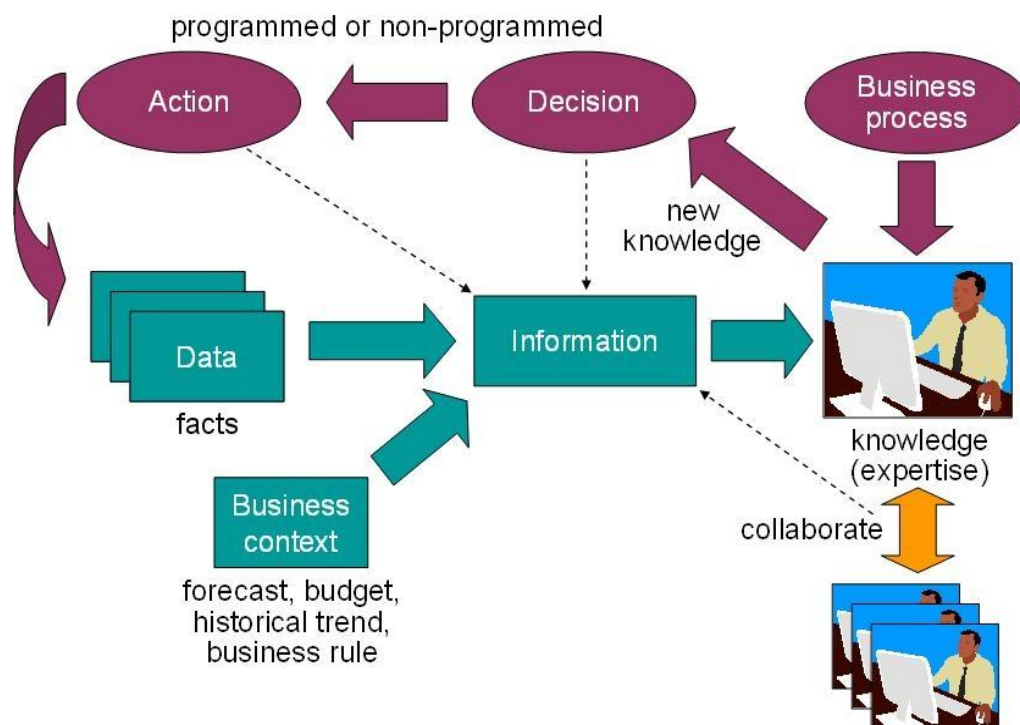


Fig.4: Knowledge Cycle

## **V. Success factors in implementing KM.**

This study is to discuss the role of knowledge management along with critical success factors in implementing a KMS. Also , knowledge management is as new paradigm in management and organizations have to adopting knowledge management patterns assumption . And because it is not clear for organization that what factors affecting in successful KMS, however, I have studied and these factors and their effect.

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## ***Soft Skills: Too Hard to be “Learned” and “Taught”***

### **Ms. Muktai Chavan**

Dr. Panjabrao Deshmukh Institute of Management Technology & Research,  
Dhanwate National College, Nagpur  
Email Id: muktaichavan@rediffmail.com  
Contact Details: 9923571092

### **Ms. Jyotsna Golhar**

Dr. V. N. Bedekar Institute of Management Studies,  
Chendani Bunder Road, Thane (W)  
Email Id: jyotsna.golar@yahoo.com  
Contact Details: 7738305284

## **Abstract**

“Technical skills may get you the job but Soft Skills will make or break you as a manager!”

The importance of soft skills is a widely known and accepted piece of evidence. Every graduate is aware of this piece of evidence and tries to master this skill or is this attempt a facade; a mere certificate from his/her B-school certifying that “Mr.XYZ has successfully completed his course on Soft skills and is awarded ‘A’ grade for the same.”

What business schools teach doesn't always correspond to what managers' value, researchers find. When it comes to teaching students management skills, MBA programs deliver the bare minimum at best, according to a new study. Using survey data on more than 8,600 managers, 373 business schools, and 118 deans and program directors, the study finds MBA programs are lacking when it comes to emphasis on human capital and decision-making management course requirements—part of the curriculum area known as "soft skills."

So what are these soft skills? They refer to a set of personal qualities and attitudes which make someone compatible and easy to work with – essentially people skills. They are the intangible, personality specific skills that determine your strengths as a leader, negotiator, presenter and efficient team worker.

But this is not the whole story – of equal importance is the ability to self-motivate, an attitude incorporating ethics and responsibility and the essential aptitude of being able to work under pressure. As pressure grows on academics and programme managers to reduce delivery hours without compromising academic rigour and content, the choice is often between which subjects to “go light” on and which ones to omit altogether. The challenge for business schools is how to react to the dual pressures of shorter programmes coupled with greater content.

The present study aims to ascertain the learning ability of the students and the curriculum used by the B-Schools. The researchers also aim at finding out the pedagogy used by the teachers delivering the course module. Further the study desires to enquire in the process of learning these skills within a limited time period and the motive of the students in learning these skills. Also, we intend to study various soft skills needed to ensure employability of the students.

**(Words-375)**

**Keywords:** Soft Skills, Emotional Intelligence, Intelligence Quotient

## **Introduction**

To get, and keep, a job you typically need a repertoire of technical skills. Teachers need to know how to teach, Lawyers need to know the Law and Dentists need to know how to fill cavities. Secretaries need to type 100plus words per minute and Accountants need to be certified.

Beyond the technical skills, though, which doctor do you go to? The one who is pleasant and takes time to answer your questions; or the one who treats you like a number in a long line of numbered mouths?

Which secretary do you retain when times are lean? The one whose attitude is positive and upbeat, and who is always willing to help; or the one who is inflexible and has a hard time admitting mistakes?

So what is it that differentiates between the doctor you go to and a doctor you don't? There are some factors which can make you successful in your personal and professional life. So let us now identify these factors; which are called as Soft Skills.

## **Soft Skills**

Soft skills is a term often associated with a person's "EQ" (Emotional Intelligence Quotient), the cluster of personality traits, social graces, communication, language, personal habits, friendliness, and optimism that characterize relationships with other people. Soft skills complement hard skills which are the occupational requirements of a job and many other activities. They are related to feelings, emotions, insights and (some would say) an 'inner knowing': i.e. they provide an important complement to 'hard skills' and IQ (Intelligence Quotient).

While your technical skills may get your foot in the door, your people skills are what open most of the doors to come. Your work ethic, your attitude, your communication skills, your emotional intelligence and a whole host of other personal attributes are the soft skills that are crucial for career success.

With these soft skills you can excel as a leader. Problem solving, delegating, motivating, and team building are all much easier if you have good soft skills. Knowing how to get along with people – and displaying a positive attitude – is crucial for success.

The problem is, the importance of these soft skills is often undervalued, and there is far less training provided for them than hard skills. For some reason, organizations seem to expect people know how to behave on the job. They tend to assume that everyone knows and understands the importance of being on time, taking initiative, being friendly, and producing high quality work.

Assuming that soft skills are universal leads to much frustration. That's why it's so important to focus as much on soft skills training and development as you do on traditional hard skills.

<b>GOOD SOFT SKILLS =</b>
<b>KNOWING HOW TO ACT AS A PROFESSIONAL</b>
Dress, manners, etiquette,
<b>WHO IS AN INTELLIGENT AND SKILLED COMMUNICATOR</b>
Writing, speaking, listening
<b>WHO COLLABORATES WELL</b>
Leads, follows, team player
<b>WHO IS ENTHUSIASTIC AND COMMITTED</b>
Attitude, energy, respect
<b>WILL GUARANTEE SUCCESS AND CAREER ADVANCEMENT!</b>

**Figure 1: Soft Skills**

Studies show that there is a serious lack of soft skills in India today. This leads to the inability of young people to get the jobs and promotions that they want and have the technical skills for. “A report from NASSCOM says only 10 percent of fresh graduates are actually employable. A similar survey of MBA and engineering graduates reveals only 25 percent of them is employable.”- Economic Times.

### **Importance of Soft Skills**

Soft skills are variously viewed as communication skills, interpersonal skills, and the ability to work with others, and so on. A more complex definition is “a range of abilities including work ethic, courtesy, teamwork, self-discipline and self-confidence, professional presence, language proficiency, cultural sensitivity, communication skills, ability to accept and learn from criticism, ability to handle client relationships, networking, creativity, ability to motivate yourself and lead others, time management, leadership and interpersonal skills”

The relative importance of each skill varies by profession. In the IT Services industry, communication skills (particularly listening skills), business communication skills, problem solving skills and team skills are perceived as crucial. The KPO sector demands many of these same skill sets. In organized retail, the key skills needed are communication skills, selling skills and customer service skills. This holds true for the financial services sector as well.

Thus we can say that whichever sector you choose to work in, you will require a set of soft skills to survive and grow in that area. These skills can make or break your career as a manager.

The next logical question comes to our mind is whether soft skills can be learned? But before answering this question let us have a look at the concept of learning.

### **Learning**

Learning is acquiring new, or modifying and reinforcing, existing knowledge, behaviors, skills, values, or preferences and may involve synthesizing different types of information. The ability to learn is possessed by humans, animals and some machines. It is ability to relate to events and experiences, facts and myths and theory to practical. It is thus an ongoing process and hence learning produces changes in the organism and the changes produced are relatively permanent.

This means that learning is a process not just gathering of thoughts and information. So can we really learn soft Skills?



## **Issues & Challenges**

The role of educational institutions was imparting job relevant knowledge to students or should we say –“Hard skills”. B-schools excel at teaching these skills such as financial courses, marketing strategies, etc. Recently all the B-schools have joined the race in imparting Soft skills training to their students. The feedback they receive from the companies have made them realize that it is important that their students learn to accept feedback with grace and speak respectfully to subordinates. But in this process they have not realized the difficulties involved in conducting such sessions. These soft skills classes resemble a discussion or even a group therapy session. Hence it is hard to quantify what students have gained.

A recent study by DePaul University researchers found that managing workers and decision-making—two subjects that require softer skill sets such as being sensitive when delivering feedback—were most important to acting managers. However, those subjects were covered in only 13% and 10% of required classes, respectively, in a study of 373 business schools, said DePaul professor Erich Dierdorff, one of the study's researchers.

"Business schools are falling short where it matters most," Mr. Dierdorff said.

"At the end of the day, it's relatively easy to teach people how to run financial models," said Eric Hirst, associate dean for graduate programs at the McCombs School of Business at the University of Texas at Austin. "What's challenging is to lead change, to manage."

## **Teaching Soft Skills**

Soft skill was made a compulsory subject by B schools in order to ensure that their students get the maximum benefit out of these sessions. Even though the thought was a noble one it did not serve the purpose. Many companies were still complaining about the lack of softy skills in their employees.

The researchers also looked at the core curricula at 373 B-schools and compared what the managers said was important with the required MBA coursework. So, while decision-making, for instance, was at the top of the managers' list, it ranked five out of six in terms of how well-represented it was in the core curricula of the 373 B-schools (29 of which were ranked among Business Week's top 30 programs). In another divergence, based on their core curriculum offerings, business schools place the greatest emphasis on managing administration and control, an area that came in fifth out of six in terms of importance to managers, according to the researchers' analysis. Why such a disparity? According to survey responses from deans and directors at 118 public and private business schools, programs often cater to students' interests, and most students, unlike their managerial counterparts, dislike soft skills—this puts pressure on business schools to limit such courses. "It tells the story that perhaps the customer is not always right," says Dierdorff. Criticism of what B-schools teach isn't new. One longtime critic, Henry Mintzberg, a management professor at McGill University in Montreal, says that the problem isn't necessarily that schools are teaching the wrong thing, but that schools allow too many young and inexperienced students through the doors. "We don't have it right because we let in the wrong people," says Mintzberg.

## **Satisfying Many Needs**

The real problem lies in the idiom: “Too many cooks spoil the broth”. We cannot make syllabus taking into the needs of every organization that visits the campus. Nor can we satisfy the needs of every student. The question then arises how or rather what should be the content of the soft skills programme and what should be the time allocated for the same.

## **Research Methodology**

### **Literature Review**

The term ‘soft skills’ is widely used, but scarcely defined. Conrad (1999) states uncertainty of the precise origin of use of the term ‘soft skills’. Early reference was discovered in military training documents from the early 1970s. Definition of soft skills is most commonly based on competence management. Often they are restricted to interpersonal or social skills (e.g. Staden et al, 2006). Fan et al. (2005) give the following skills: coordination, persuasion, negotiation, communication with supervisors, peers, or subordinates; communication with persons outside the organization, establishing and maintaining interpersonal relationships.

Soft skills can be defined as interpersonal, human, people or behavioural skills necessary for applying technical skills and knowledge in the workplace (Rainsbury, Hodges, Burchell & Lay, 2002).

Academy of Management Conference in Philadelphia, Robert Rubin and Erich Dierdorff, assistant professors of management at DePaul University's Kellstadt Graduate School of Business in Chicago, examined Labor Dept. data on thousands of managers across 52 industries that identified the skills they found most valuable in managers. Rubin and Dierdorff grouped their findings into six main areas of management—human capital, logistics and technology, decision-making processes, administration and control, strategy and innovation, and task environment—and found that managing decision-making and human capital were at the top of managers' lists when it came to ranking skills in order of importance.

The Importance of Soft Skills in Entry-Level Employment and Postsecondary Success: Perspectives from Employers and Community Colleges Author Jennifer Pritchard.

The report identified there are key differences among industry sectors in desired soft skills. Employers in all three sectors analyzed (healthcare, manufacturing, and office occupations) listed communication as a priority skill. However, in manufacturing, written communication appears to be less of a priority compared to the other industry sectors. Other notable differences include the following sector priorities:

- Manufacturing – teamwork, problem solving, and reliability;
- Healthcare – customer service skills and positive attitudes;
- Professional services – teamwork, professionalism, and organizational skills.

Soft skills for TQM in a time of breakthrough -The aim of this paper is to explore to what extent soft skills are considered to be important for quality professionals and if so which skills are needed. A literature review shows that soft skills become increasingly important in new quality paradigms like Commitment and Breakthrough. However, the term is often not or only vaguely defined. Soft skills refer to individual development (personal) and to management of interactions with others inside and outside the organisation (interpersonal).

## Research Questions

In particular, the following four research questions are posed and critically discussed in the research of this study:

- To what extent are B-school students actually developing the top five business skills in an MBA programme?
- To what extent does an MBA programme actually emphasize the development of the top five skills? In particular, how does their emphasis compare to student expectations?

## Objectives of the Study

The study is carried out with following objectives in mind:

- To ascertain the learning ability of the students and the curriculum used by the B-Schools
- To find the pedagogy used by the teachers delivering the course module
- To enquire in the process of learning these skills within a limited time period and the motive of the students in learning these skills.

## The Universe

The universes of the research study are the students studying and faculty members of B-schools in Nagpur.

## Research Instrument/Sources of Data

As the study is based on primary source of data, thus instrument used to conduct the research is the structured questionnaire. A self-administered structured questionnaire was floated among students and teachers of B-schools. In the research instrument demographics, and perceptions on 7 point likert scale was studied where (1-very strongly disagree to 7- Very Strongly Agree) Secondary data has also been used wherever required particularly in Literature Review.

## Sample Size

Sample was selected from students and teachers

## Reliability Analysis

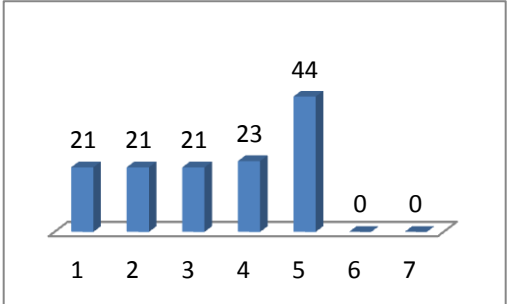
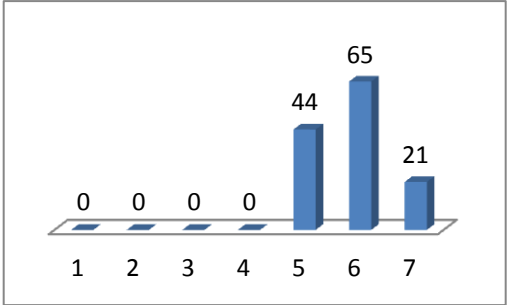
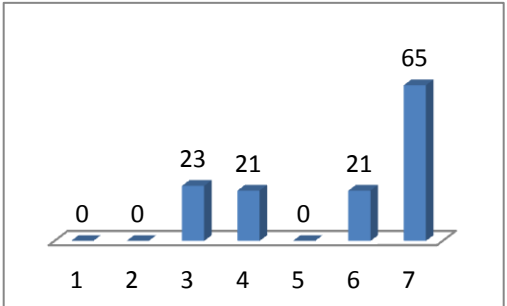
Questionnaire for :	Cronbach's alpha
Students Perception	0.665
Teachers Perception	0.836

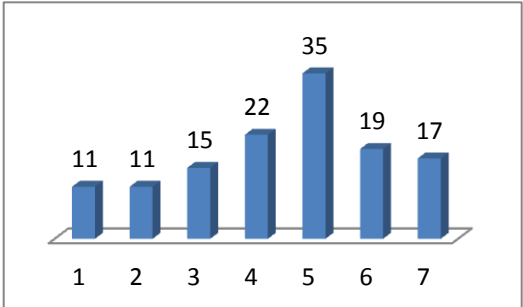
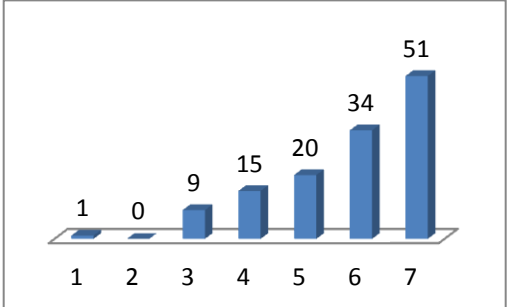
## Questionnaire Analysis

### Part 1: Perception of Faculty Members about Soft skills teaching in B-schools on parameters below:

Parameters	Interpretation	Responses																
I know what soft skills are.	Soft skills are a term which is many times synonymously used with Interpersonal and communication skills. But we tend to forget that these skills are a part of a larger set of skills-Soft skills. Therefore 46% of the faculty members agree that they know about the concept of soft skills and 42% strongly agree.	<p>A bar chart showing the number of responses for each rating from 1 to 7. The x-axis is labeled 1 through 7, and the y-axis represents the number of responses. The bars are blue. The values are: 1: 0, 2: 0, 3: 0, 4: 21, 5: 46, 6: 21, 7: 42.</p> <table border="1"> <thead> <tr> <th>Rating</th> <th>Number of Responses</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>21</td></tr> <tr><td>5</td><td>46</td></tr> <tr><td>6</td><td>21</td></tr> <tr><td>7</td><td>42</td></tr> </tbody> </table>	Rating	Number of Responses	1	0	2	0	3	0	4	21	5	46	6	21	7	42
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I feel soft skills are important.	86% of teachers feel that soft skills are important. This is due to rising awareness about soft skills and industry demands from the candidates.	<p>A bar chart showing the number of responses for each rating from 1 to 7. The x-axis is labeled 1 through 7, and the y-axis represents the number of responses. The bars are blue. The values are: 1: 0, 2: 0, 3: 0, 4: 0, 5: 0, 6: 44, 7: 86.</p> <table border="1"> <thead> <tr> <th>Rating</th> <th>Number of Responses</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>0</td></tr> <tr><td>5</td><td>0</td></tr> <tr><td>6</td><td>44</td></tr> <tr><td>7</td><td>86</td></tr> </tbody> </table>	Rating	Number of Responses	1	0	2	0	3	0	4	0	5	0	6	44	7	86
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I think soft skills are as important as technical skills for managers.	Soft skills are as important as technical skills or hard Skills or On the Job Skills for managers. These words have emerged from being a question to a statement and a fact. These skills are extremely helpful in surviving in the professional life.	<p>A bar chart showing the number of responses for each rating from 1 to 7. The x-axis is labeled 1 through 7, and the y-axis represents the number of responses. The bars are blue. The values are: 1: 0, 2: 0, 3: 0, 4: 0, 5: 0, 6: 65, 7: 65.</p> <table border="1"> <thead> <tr> <th>Rating</th> <th>Number of Responses</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>0</td></tr> <tr><td>5</td><td>0</td></tr> <tr><td>6</td><td>65</td></tr> <tr><td>7</td><td>65</td></tr> </tbody> </table>	Rating	Number of Responses	1	0	2	0	3	0	4	0	5	0	6	65	7	65
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I have added soft skills in my teaching plan	63% faculty members have added soft skills in their teaching plan. Having separate classed or having an allotted time for such activities are important. 21% are those who are not yet sure about the contents of soft skills or they believe that it will not be useful.	<p>A bar chart showing the number of responses for each rating from 1 to 7. The x-axis is labeled 1 through 7, and the y-axis represents the number of responses. The bars are blue. The values are: 1: 0, 2: 0, 3: 0, 4: 21, 5: 46, 6: 0, 7: 63.</p> <table border="1"> <thead> <tr> <th>Rating</th> <th>Number of Responses</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>21</td></tr> <tr><td>5</td><td>46</td></tr> <tr><td>6</td><td>0</td></tr> <tr><td>7</td><td>63</td></tr> </tbody> </table>	Rating	Number of Responses	1	0	2	0	3	0	4	21	5	46	6	0	7	63
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<p>I think regular sessions can combine soft skills development for MBA students</p>	<p>Again 65% faculty members strongly believe that there should be a regular sessions so that the employability skills of students are enhanced. 23% are having doubts about conduction of such classes and their utility.</p>	<table border="1"> <thead> <tr> <th>Scale Point</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>0</td></tr> <tr><td>5</td><td>23</td></tr> <tr><td>6</td><td>42</td></tr> <tr><td>7</td><td>65</td></tr> </tbody> </table>	Scale Point	Percentage	1	0	2	0	3	0	4	0	5	23	6	42	7	65		
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<p>I think formal soft skills training can increase placement of MBA students</p>	<p>Again 65% faculty members strongly believe that soft skills training such as Group Discussions, Personal Interviews, Aptitude tests and many such activities will enhance the placement of MBA students.</p>	<table border="1"> <thead> <tr> <th>Scale Point</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>0</td></tr> <tr><td>5</td><td>21</td></tr> <tr><td>6</td><td>44</td></tr> <tr><td>7</td><td>65</td></tr> </tbody> </table>	Scale Point	Percentage	1	0	2	0	3	0	4	0	5	21	6	44	7	65		
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<p>Employers report many key soft skills lacking in campus placements</p>	<p>Students lacking soft skills can be reported to the institutes by the companies through a feedback mechanism. Those who are neutral many be so because of lack of such feedback mechanisms. 42% very strongly agree and 44% strongly agree to the same.</p>	<table border="1"> <thead> <tr> <th>Scale Point</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>23</td></tr> <tr><td>5</td><td>21</td></tr> <tr><td>6</td><td>44</td></tr> <tr><td>7</td><td>42</td></tr> <tr><td>8</td><td>0</td></tr> </tbody> </table>	Scale Point	Percentage	1	0	2	0	3	0	4	23	5	21	6	44	7	42	8	0
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<p>My institute recognizes the importance of soft skills for MBA students and has separate sessions for the same.</p>	<p>63% faculty members very strongly agree to the statement which says that their institute recognizes the importance of soft skills for MBA students and has separate sessions for the same. Surprisingly 44% faculty members disagree to this. Thus we can say that there are many institutes who do not give due weight age to soft skills.</p>	<table border="1"> <thead> <tr> <th>Scale Point</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>44</td></tr> <tr><td>4</td><td>23</td></tr> <tr><td>5</td><td>0</td></tr> <tr><td>6</td><td>0</td></tr> <tr><td>7</td><td>63</td></tr> </tbody> </table>	Scale Point	Percentage	1	0	2	0	3	44	4	23	5	0	6	0	7	63		
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<p>My institute has professional soft skills trainers for soft skills development.</p>	<p>44% of the faculty members responded that their institute does not have professional soft skills trainers for soft skills development. While only 42% and 21% strongly and very strongly agreed to this statement. Having professionals such as Psychologists, Industry experts, people form HR and other fields may not be possible for many institutes.</p>	<table border="1"> <thead> <tr> <th>Scale Point</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>44</td></tr> <tr><td>4</td><td>23</td></tr> <tr><td>5</td><td>0</td></tr> <tr><td>6</td><td>42</td></tr> <tr><td>7</td><td>21</td></tr> </tbody> </table>	Scale Point	Percentage	1	0	2	0	3	44	4	23	5	0	6	42	7	21		
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	<p>Therefore these days we have many organizations that provide such services on contract basis.</p>																	
<p>I feel Soft Skills is A Mere Subject To Add Marks in your mark sheet</p>	<p>44% faculty members agree that Soft Skills is A Mere Subject To Add Marks in your mark sheet. This could be due to lack of awareness amongst students and their laidback attitude towards soft skills sessions. While 21% very strongly disagree to this and feel that soft skills are far more important than just an subject.</p>	 <table border="1"> <thead> <tr> <th>Scale Point</th> <th>Number of Responses</th> </tr> </thead> <tbody> <tr><td>1</td><td>21</td></tr> <tr><td>2</td><td>21</td></tr> <tr><td>3</td><td>21</td></tr> <tr><td>4</td><td>23</td></tr> <tr><td>5</td><td>44</td></tr> <tr><td>6</td><td>0</td></tr> <tr><td>7</td><td>0</td></tr> </tbody> </table>	Scale Point	Number of Responses	1	21	2	21	3	21	4	23	5	44	6	0	7	0
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<p>I feel soft skills training should be combined with counseling sessions</p>	<p>65% faculty members strongly agree and 44% agree that soft skills training should be combined with counseling sessions. This is because after conduction of various psychometric tests it is of utmost importance to make the person understand its implications and how should one go about making desired changes in ones personality.</p>	 <table border="1"> <thead> <tr> <th>Scale Point</th> <th>Number of Responses</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>0</td></tr> <tr><td>5</td><td>44</td></tr> <tr><td>6</td><td>65</td></tr> <tr><td>7</td><td>21</td></tr> </tbody> </table>	Scale Point	Number of Responses	1	0	2	0	3	0	4	0	5	44	6	65	7	21
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<p>I feel students ignore or take lightly Soft skills sessions</p>	<p>65% faculty members very strongly agree that students ignore or take lightly Soft skills sessions. This is due to poor understanding about soft skills or lack of proper trainers. Second reason is they do not take this as a tool for their betterment but as a mere subject to add marks in their marksheet. 23% disagree and 21% are neutral regarding the same.</p>	 <table border="1"> <thead> <tr> <th>Scale Point</th> <th>Number of Responses</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>23</td></tr> <tr><td>4</td><td>21</td></tr> <tr><td>5</td><td>0</td></tr> <tr><td>6</td><td>21</td></tr> <tr><td>7</td><td>65</td></tr> </tbody> </table>	Scale Point	Number of Responses	1	0	2	0	3	23	4	21	5	0	6	21	7	65
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<p>I feel soft skills training cannot bring major changes in personality</p>	<p>46% respondents strongly agree that soft skills training cannot bring major changes in personality. Personality is developed in the first 5 years of life according to Freud. Thus this perception that it is quite difficult to bring major changes is true to a certain extent. But with proper guidance and training one can overcome fears and inhibitions such as stage fear, communication skills, etc. 10% are neutral while 9% strongly disagree and feel that changes can be brought about in ones personality.</p>	 <table border="1"> <thead> <tr> <th>Response Level</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>6</td></tr> <tr><td>2</td><td>9</td></tr> <tr><td>3</td><td>4</td></tr> <tr><td>4</td><td>10</td></tr> <tr><td>5</td><td>22</td></tr> <tr><td>6</td><td>46</td></tr> <tr><td>7</td><td>33</td></tr> </tbody> </table>	Response Level	Percentage	1	6	2	9	3	4	4	10	5	22	6	46	7	33
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<p>I use Various psychometric tests such as Myers-Briggs Type Indicator (MBTI) , Transactional analysis (TA), Johari window or other tests during soft skills sessions</p>	<p>35% respondents agree while 17% very strongly agree that Various psychometric tests are used by them during soft skills sessions. While 11% very strongly disagree and 15% disagree and 22% are neutral about using such tests. This could be due to lack of awareness or lack of professionals.</p>	 <table border="1"> <thead> <tr> <th>Response Level</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>11</td></tr> <tr><td>2</td><td>11</td></tr> <tr><td>3</td><td>15</td></tr> <tr><td>4</td><td>22</td></tr> <tr><td>5</td><td>35</td></tr> <tr><td>6</td><td>19</td></tr> <tr><td>7</td><td>17</td></tr> </tbody> </table>	Response Level	Percentage	1	11	2	11	3	15	4	22	5	35	6	19	7	17
Response Level	Percentage																	
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3	15																	
4	22																	
5	35																	
6	19																	
7	17																	
<p>There are follow up sessions after the scoring of these tests</p>	<p>51% respondents very strongly agree that there are follow up sessions after the scoring of these tests. These follow ups are required to make the students understand its importance. While 9% disagree and 15% are neutral. This could be due to lack of interest among faculty members or students.</p>	 <table border="1"> <thead> <tr> <th>Response Level</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>1</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>9</td></tr> <tr><td>4</td><td>15</td></tr> <tr><td>5</td><td>20</td></tr> <tr><td>6</td><td>34</td></tr> <tr><td>7</td><td>51</td></tr> </tbody> </table>	Response Level	Percentage	1	1	2	0	3	9	4	15	5	20	6	34	7	51
Response Level	Percentage																	
1	1																	
2	0																	
3	9																	
4	15																	
5	20																	
6	34																	
7	51																	

**Part 2: Perception of Students perception about Soft skills teaching in B-schools on parameters below:**

Parameters	Interpretation	Responses																
I have heard about 'soft skills'	60% students agree that they have heard the term soft skills. While 25% are neutral. Even though soft skills is a very common term and we get to hear it and read it often; 10% very strongly disagree that they have not heard about the concept of soft skills. This could be due to various terms used for soft skills such as life skills, employability skills, etc.	<table border="1"> <caption>Responses for 'I have heard about soft skills'</caption> <thead> <tr> <th>Response Point</th> <th>Count</th> </tr> </thead> <tbody> <tr><td>1</td><td>10</td></tr> <tr><td>2</td><td>5</td></tr> <tr><td>3</td><td>1</td></tr> <tr><td>4</td><td>25</td></tr> <tr><td>5</td><td>60</td></tr> <tr><td>6</td><td>20</td></tr> <tr><td>7</td><td>48</td></tr> </tbody> </table>	Response Point	Count	1	10	2	5	3	1	4	25	5	60	6	20	7	48
Response Point	Count																	
1	10																	
2	5																	
3	1																	
4	25																	
5	60																	
6	20																	
7	48																	
I am aware what are the contents of soft skills	99% respondents are aware about the contents of soft skills. The syllabus or contents of soft skills is well known to all students.	<table border="1"> <caption>Responses for 'I am aware what are the contents of soft skills'</caption> <thead> <tr> <th>Response Point</th> <th>Count</th> </tr> </thead> <tbody> <tr><td>1</td><td>2</td></tr> <tr><td>2</td><td>5</td></tr> <tr><td>3</td><td>1</td></tr> <tr><td>4</td><td>2</td></tr> <tr><td>5</td><td>2</td></tr> <tr><td>6</td><td>56</td></tr> <tr><td>7</td><td>99</td></tr> </tbody> </table>	Response Point	Count	1	2	2	5	3	1	4	2	5	2	6	56	7	99
Response Point	Count																	
1	2																	
2	5																	
3	1																	
4	2																	
5	2																	
6	56																	
7	99																	
I realize soft skills are given due weight age during the recruitment drives	77% and 79% students very strongly and strongly agree about the weight age during the recruitment drives. They realize its importance and the fact that those students who excel in these areas have a better chance of placement.	<table border="1"> <caption>Responses for 'I realize soft skills are given due weight age during the recruitment drives'</caption> <thead> <tr> <th>Response Point</th> <th>Count</th> </tr> </thead> <tbody> <tr><td>1</td><td>1</td></tr> <tr><td>2</td><td>1</td></tr> <tr><td>3</td><td>5</td></tr> <tr><td>4</td><td>2</td></tr> <tr><td>5</td><td>2</td></tr> <tr><td>6</td><td>79</td></tr> <tr><td>7</td><td>77</td></tr> </tbody> </table>	Response Point	Count	1	1	2	1	3	5	4	2	5	2	6	79	7	77
Response Point	Count																	
1	1																	
2	1																	
3	5																	
4	2																	
5	2																	
6	79																	
7	77																	
I have undergone formal soft skills training in my undergraduate programme	Only 69% respondents very strongly agree that they have undergone formal soft skills training in my undergraduate programme. Undergraduate programmes may not yet have included soft skills in their curriculum due to lack of time and interest, lack of trainers, lack of awareness.	<table border="1"> <caption>Responses for 'I have undergone formal soft skills training in my undergraduate programme'</caption> <thead> <tr> <th>Response Point</th> <th>Count</th> </tr> </thead> <tbody> <tr><td>1</td><td>3</td></tr> <tr><td>2</td><td>3</td></tr> <tr><td>3</td><td>2</td></tr> <tr><td>4</td><td>26</td></tr> <tr><td>5</td><td>64</td></tr> <tr><td>6</td><td>0</td></tr> <tr><td>7</td><td>69</td></tr> </tbody> </table>	Response Point	Count	1	3	2	3	3	2	4	26	5	64	6	0	7	69
Response Point	Count																	
1	3																	
2	3																	
3	2																	
4	26																	
5	64																	
6	0																	
7	69																	



<p>I am undergoing formal soft skills training in my postgraduate programme</p>	<p>Fortunately 75% students very strongly agree that they are undergoing formal soft skills training in their postgraduate programme. This in turn increases their chances of employment.</p>	<table border="1"> <thead> <tr> <th>Scale Point</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>0</td></tr> <tr><td>5</td><td>36</td></tr> <tr><td>6</td><td>56</td></tr> <tr><td>7</td><td>75</td></tr> </tbody> </table>	Scale Point	Percentage	1	0	2	0	3	0	4	0	5	36	6	56	7	75
Scale Point	Percentage																	
1	0																	
2	0																	
3	0																	
4	0																	
5	36																	
6	56																	
7	75																	
<p>I feel soft skills taught in B schools lack practical approach</p>	<p>Unfortunately 76% of the students very strongly agree that soft skills taught in B schools lack practical approach. This could be due to the pedagogy and awareness. Also the attitude of the students in terms of seriousness in attending such sessions is questionable. Teaching a concept from books and teaching its applicability are two different things. And this is more so the fact with a subject such as Soft skills which is more of a practical nature.</p>	<table border="1"> <thead> <tr> <th>Scale Point</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>1</td></tr> <tr><td>2</td><td>2</td></tr> <tr><td>3</td><td>1</td></tr> <tr><td>4</td><td>2</td></tr> <tr><td>5</td><td>26</td></tr> <tr><td>6</td><td>59</td></tr> <tr><td>7</td><td>76</td></tr> </tbody> </table>	Scale Point	Percentage	1	1	2	2	3	1	4	2	5	26	6	59	7	76
Scale Point	Percentage																	
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3	1																	
4	2																	
5	26																	
6	59																	
7	76																	
<p>I think Technical skills are more important than Soft skills</p>	<p>Another surprising finding is that 51% and 56% students very strongly agree and strongly agree that Technical skills are more important than Soft skills. This is because they feel that in interviews if they could answer the job related questions they will get selected. Also they feel that once on the job it is technical skills which will help them in getting good performance appraisals. While 34% who are neutral are not able to decide the weight of these two important skills.</p>	<table border="1"> <thead> <tr> <th>Scale Point</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>34</td></tr> <tr><td>5</td><td>26</td></tr> <tr><td>6</td><td>56</td></tr> <tr><td>7</td><td>51</td></tr> </tbody> </table>	Scale Point	Percentage	1	0	2	0	3	0	4	34	5	26	6	56	7	51
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3	0																	
4	34																	
5	26																	
6	56																	
7	51																	

<p>I feel a professional trainer only is competent enough to give soft skills training</p>	<p>There is a strange difference of opinion among students regarding trainer imparting soft skills. While 69% students feel that a professional trainer only is competent enough to give soft skills training and 57% students disagree to this fact. The debatable point is the competency of the trainer. The trainer requires qualification to impart training or does he require fulfilling the needs of the students?</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>3</td></tr> <tr><td>2</td><td>3</td></tr> <tr><td>3</td><td>57</td></tr> <tr><td>4</td><td>31</td></tr> <tr><td>5</td><td>4</td></tr> <tr><td>6</td><td>0</td></tr> <tr><td>7</td><td>69</td></tr> </tbody> </table>	Response	Percentage	1	3	2	3	3	57	4	31	5	4	6	0	7	69
Response	Percentage																	
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3	57																	
4	31																	
5	4																	
6	0																	
7	69																	
<p>Employers report many key soft skills lacking during my interview</p>	<p>It is always better if the students realize that what their weaknesses are. 55% of the students disagree that Employers report many key soft skills lacking during my interview while 54% strongly agree and 24% very strongly agree that they do get reviews about the absence of soft skills in their interviews.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>55</td></tr> <tr><td>4</td><td>29</td></tr> <tr><td>5</td><td>5</td></tr> <tr><td>6</td><td>54</td></tr> <tr><td>7</td><td>24</td></tr> </tbody> </table>	Response	Percentage	1	0	2	0	3	55	4	29	5	5	6	54	7	24
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5	5																	
6	54																	
7	24																	
<p>I feel Soft skills is a mere subject to add marks in your degree mark sheet</p>	<p>56% students agree that Soft skills is a mere subject to add marks in your degree mark sheet while 32% very strongly disagrees and 24% disagree and feel that soft skills is more than a subject. It is an area where you can assess yourself and try to become a developed individual.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>32</td></tr> <tr><td>2</td><td>22</td></tr> <tr><td>3</td><td>24</td></tr> <tr><td>4</td><td>34</td></tr> <tr><td>5</td><td>56</td></tr> <tr><td>6</td><td>5</td></tr> <tr><td>7</td><td>4</td></tr> </tbody> </table>	Response	Percentage	1	32	2	22	3	24	4	34	5	56	6	5	7	4
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5	56																	
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7	4																	
<p>I feel soft skills training cannot bring major changes in personality</p>	<p>80% of the students strongly agree that soft skills training cannot bring major changes in personality and 55% agree to the same. Brining major changes in personality needs time and willingness from the individual. But unfortunately people do not want to invest time and energy in such areas because they feel that personality cannot be changed. Plus few sessions on soft skills are not enough.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>3</td></tr> <tr><td>5</td><td>55</td></tr> <tr><td>6</td><td>80</td></tr> <tr><td>7</td><td>29</td></tr> </tbody> </table>	Response	Percentage	1	0	2	0	3	0	4	3	5	55	6	80	7	29
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4	3																	
5	55																	
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7	29																	

<p>I feel soft skills training should be combined with counseling sessions</p>	<p>73% students very strongly agree that soft skills training should be combined with counseling sessions. This will help in better understanding of certain behavioral issues and will also help in bringing in desired changes in behavior. Constant monitoring ensures motivation and feedback.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Number of Students</th> </tr> </thead> <tbody> <tr><td>1</td><td>3</td></tr> <tr><td>2</td><td>3</td></tr> <tr><td>3</td><td>30</td></tr> <tr><td>4</td><td>23</td></tr> <tr><td>5</td><td>7</td></tr> <tr><td>6</td><td>28</td></tr> <tr><td>7</td><td>73</td></tr> </tbody> </table>	Response	Number of Students	1	3	2	3	3	30	4	23	5	7	6	28	7	73
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4	23																	
5	7																	
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7	73																	
<p>I feel soft skills cannot be learned in 2 years</p>	<p>Yet another and very important aspect of this topic is the time allotted for soft skills sessions. 78% students strongly agree that soft skills cannot be learned in 2 years of time. In MBA/MMS we have students coming from various streams and from various backgrounds. Thus their needs in terms of soft skills will also differ. Thus a short span of 2 years is not sufficient to bring in changes in behavior.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Number of Students</th> </tr> </thead> <tbody> <tr><td>1</td><td>0</td></tr> <tr><td>2</td><td>0</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>13</td></tr> <tr><td>5</td><td>38</td></tr> <tr><td>6</td><td>78</td></tr> <tr><td>7</td><td>38</td></tr> </tbody> </table>	Response	Number of Students	1	0	2	0	3	0	4	13	5	38	6	78	7	38
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<p>Various psychometric tests such as MBTI, TA, Johari window are used to guide</p>	<p>Only 56% students strongly agree that psychometric tests such as MBTI, TA, and Johari window are used in their soft skills sessions. While 14% and 13% very strongly disagree and disagree that such tests are used. Many a time's availability of these tests poses a problem and sometimes the attendance of students.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Number of Students</th> </tr> </thead> <tbody> <tr><td>1</td><td>14</td></tr> <tr><td>2</td><td>11</td></tr> <tr><td>3</td><td>13</td></tr> <tr><td>4</td><td>8</td></tr> <tr><td>5</td><td>43</td></tr> <tr><td>6</td><td>56</td></tr> <tr><td>7</td><td>25</td></tr> </tbody> </table>	Response	Number of Students	1	14	2	11	3	13	4	8	5	43	6	56	7	25
Response	Number of Students																	
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<p>There are follow up sessions after the scoring of these tests</p>	<p>83% of students very strongly agree that there are follow up sessions after the scoring of these tests. The follow up session is required making the students understand the results and its interpretations.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Number of Students</th> </tr> </thead> <tbody> <tr><td>1</td><td>2</td></tr> <tr><td>2</td><td>3</td></tr> <tr><td>3</td><td>0</td></tr> <tr><td>4</td><td>0</td></tr> <tr><td>5</td><td>26</td></tr> <tr><td>6</td><td>53</td></tr> <tr><td>7</td><td>83</td></tr> </tbody> </table>	Response	Number of Students	1	2	2	3	3	0	4	0	5	26	6	53	7	83
Response	Number of Students																	
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2	3																	
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7	83																	

**Key Findings:**

An open ended question was designed to elicit responses from the faculty members about the top 5 skills most important for MBA/MMS students and the responses were as follows:

### **Top 5 soft skills you would think are most important for MBA/MMS students:**

1. Communication skills (verbal and non-verbal)
2. Team work
3. Time management
4. Accountability
5. Flexibility

Other skills like cooperation, good etiquette, listening skills and adaptive in any given environment were also mentioned by the faculty members. One can say that in any profession Communication skills (verbal and non-verbal) are of utmost importance and same stands true for MBS/MMS Students. What is needed along with this is team work and time management. It is observed that students are lacking in managing their time and thus get stressed. Further ability to work in teams is getting diminished due to overtly ambitious nature of students. Sometimes power and politics gets them. Hence team work training is important. Further accountability and flexibility is not found in today's youth. Probably we can blame the upbringing style or the existing structure of our society. These skills are known to everyone but imbibing them or learning them is difficult.

A similar question was put forwarded to students and the responses elicited were:

1. Communication skills
2. Etiquette and good manners
3. Self management

Need of communication skills was a common point in both- students and faculty members. Other skills were Etiquette and good manners and Self management. Etiquettes are essential in today's world because many a times students once selected may get postings in other countries. Thus table mannerisms, grooming, etc become important. Self management is very big term in itself. One can do so by various means- SWOT, Johari window and many more techniques. It is a continuous process and requires willingness and motivation.

### **Concluding remarks**

What business schools teach doesn't always correspond to what managers' value, researchers find. Keeping this in mind the researchers laid down the objectives to ascertain the learning ability of the students and the curriculum used by the B-Schools, to find the pedagogy used by the teachers delivering the course module and to enquire in the process of learning these skills within a limited time period and the motive of the students in learning these skills.

The survey was conducted among faculty members and students and the responses were elicited on a 7 point scale. The findings of the study are surprising and eye opening. The concept of soft skills is known to both- faculty members and the students. Also they realize its importance and utility. They both agree to the point that technical skills and soft skills are needed for better job opportunities. Further the respondents are unanimous in their opinion about conduction of such classes in their respective institutes. The difference comes in the pedagogy and the perception about learning ability and its effect on behavior.

- 65% faculty members very strongly agree that students ignore or take lightly Soft skills sessions. This is due to poor understanding about soft skills or lack of proper trainers. Second reason is they do not take this as a tool for their betterment but as a mere subject to add marks in their mark sheet.
- Yet another and very important aspect of this topic is the time allotted for soft skills sessions. 78% students strongly agree that soft skills cannot be learned in 2 years of time. In MBA/MMS we have students coming from various streams and from various backgrounds. Thus their needs in terms of soft skills will also differ. Thus a short span of 2 years is not sufficient to bring in changes in behavior.
- 80% of the students strongly agree that soft skills training cannot bring major changes in personality and 55% agree to the same. 46% faculty members strongly agree that soft skills training cannot bring major changes in personality. Personality is developed in the first 5 years of life according to Freud. Thus this perception that it is quite difficult to bring major changes is true to a certain extent.
- Only 56% students strongly agree that psychometric tests such as MBTI, TA, and Johari window are used in their soft skills sessions. While 14% and 13% very strongly disagree and disagree that such tests are used. Many a time's availability of these tests poses a problem and sometimes the attendance of students. Plus the qualified trainer will be in a better position to analyze the test results and help the students in modifying their behavior.

Having interpreted the findings the researchers can say that Soft skills syllabus or soft skills as a subject cannot bring desired changes in the personality of the students. The pedagogy though can be altered using psychometric tests and its interpretation. To ensure student involvement the B schools can design a very practical based module. Soft skill programme combined with mentoring can be more effective can ensure the correct development of the student.

At last one can say that "Where there is a will there is a way".

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***Title of the paper-A Conceptual overview of Value-at-Risk (VaR) for  
Portfolio Managers***

**Abhishek Pande**

Dr Babasaheb Ambedkar College of Engineering & Research  
Wanadongri, Hingna Road, Nagpur

**Abstract** – Continuous value-at-risk models are a refinement to traditional value-at-risk models because they consider expected losses within the investment horizon as well as at the end of the horizon. Estimates of continuous risk measures significantly exceed conventional measures, which suggests that investors are exposed to more risk than previously expected from traditional value-at-risk assessments.

Keywords – basis point, confidence level, portfolio, risk, threshold value.



## **Value-at-Risk (VaR): A Conceptual Framework**

Value-at-Risk is a number that expresses the maximum expected loss for a given time horizon and for a given confidence interval and for a given portfolio or position of instruments, under normal market conditions, attributable to changes in the market prices of financial instruments. VaR is scientifically rigorous in that it utilizes statistical techniques that have evolved in physics & engineering. Value-at-Risk is a useful tool for measuring and aggregating market risk i.e., the risk arising from price changes on marketable assets such as stocks, bonds, foreign exchange, futures & options etc.

### **VAR Background**

VAR is defined as the potential change in value, or potential loss, of a portfolio over some time horizon at some confidence interval (e.g., how much the fund could lose in the next week with 95 percent confidence, how much the fund could lose with respect to its benchmark in the next quarter at 99 percent confidence). A loss at 99 percent confidence means that if the model does its job correctly, the portfolio will suffer a worse loss no more than 1 percent of the time. VAR uses historical data to quantify how much a portfolio might lose, given the assets the portfolio currently holds. The key data that VAR uses to help decide whether a fund is risky are the volatility of the assets and the correlations between the assets.

That statement should not be surprising because VAR is grounded in modern portfolio theory and is not very different from risk measures that investment managers have been using for many years.

### **Adopting VAR**

An investment firm contemplating adopting VAR has several tasks to accomplish in understanding the purposes of VAR, and taking an approach to implement VAR, dealing with special cases, measuring the performance of VAR, and recognizing the benefits and limitations of VAR.

### **Purposes of VAR**

VAR has two primary purposes for risk management of investment portfolios. First, VAR measurements allow comparisons of risks among asset classes and funds. VAR numbers are like having a sensible set of financial accounts that help highlight the role of risks in a fund. VAR is not a "magic bullet," but it can be the beginning of an analysis based on comparability among all funds. Second, VAR allows for the regular monitoring of risk to see how a fund's risk exposure

has changed and to see whether that change is acceptable. Consequently, VAR allows unacceptable risk to be changed before that risk becomes crystallized as a loss.

### Approach of VAR

When using VAR for risk management of investment funds, the investment management firm must quantify for each portfolio the level of potential underperformance that is unacceptably risky compared with a benchmark (i.e., tracking error). This number becomes the "risk guideline" or "threshold" for that fund. For hedge funds and funds for which a benchmark is not relevant, the manager must determine how much absolute risk is unacceptably risky in order to determine the risk guideline. The investment firm must measure VAR for the portfolio periodically, either in absolute terms or with respect to the benchmark, and when the potential loss exceeds the investment firm's risk guideline for that fund, then the manager must take some action to get back within the comfort zone.

### Implementation of VAR

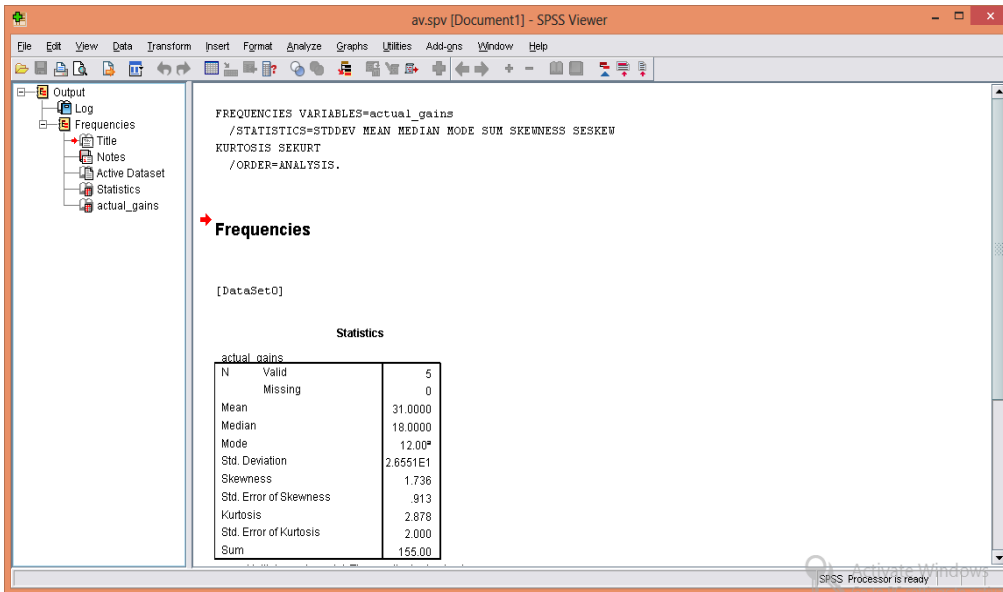
Implementing VAR as part of an investment management risk system requires two pieces of information: the instruments comprising each benchmark and the instruments comprising each fund. The fund contents and the benchmark contents must be broken down into risk factors, which in effect are pricing sensitivities—as such as the sensitivity of a given note to a 1 basis point increase at different points of the yield curve or a foreign exchange forward's sensitivity to the change in the relevant foreign exchange rate and changes in the yield curves.

**Table 1 Fund VAR Measures (Absolute and Relative) and Risk Thresholds**

Fund/benchmark	Fund VAR Measures		Risk Thresholds	
	absolute	Relative	Absolute	Relative
Equity funds	15.0 %	5.0	-	4.0%
International equity funds	20.0	8.0	23.0 %	10.0
Money market funds	0.1	0.0	-	0.13
Hedge funds/T-bills	28.0	28.0	35.0	-

VAR measures specified for one-year holding period and 1 standard deviation (84.5 percent) confidence level.

**Table 2 : Output in SPSS 16.0**



### Comparison with Other Measures

One important benefit of VAR, especially compared with asset specific investment guidelines, is that VAR is not limited to one asset class. An equity fund's guidelines might specify that its beta should not be higher than  $x$ , and a fixed-income fund's guidelines might specify that its duration should not be longer than  $y$ . If the fixed-income fund goes one month longer in duration than  $y$  and the equity fund goes 0.1 higher in beta than  $x$ , which is riskier? Those two statistics are not comparable if one wants to look at a fund complex to see which managers are too close to their risk tolerance and which are comfortably within their risk tolerance. When using only beta and duration, how would someone look at the risk of a multi currency and multi asset fund or of a balanced fund that has fixed income and equities and perhaps even international assets? Analyzing the risk of such portfolios is very difficult with only beta and duration, but very possible with VAR.

Standard deviation of a fund's past results is comparable among asset classes, but standard deviation is not an early warning of whether a fund has suddenly changed its composition. Because standard deviation is historical in nature, it will show how the fund performed, but if a manager wants to see if a new position might exceed a client's risk tolerance, standard deviation will not help

because it is backward looking, it does not use the current set of assets. VAR, however, uses the current set of assets to generate the risk measure.

### **Benefits to Portfolio Managers**

VAR has the potential to allow portfolio managers greater freedom. Compared with using only investment guidelines to control risk, VAR is a better system for funds that may need to use different instruments or may need to have a currency-hedging strategy. VAR is a targeted way to express the role of leverage as it captures leverage by measuring how much loss could occur in the geared assets and how much loss could occur from the difference between assets that were shorted versus those that were bought. So, managers who want to use creative strategies should view VAR favorably.

### **Criticisms and Limitations**

VAR is frequently subject to criticism, much of which can be addressed and has real limitations which must be recognized when a firm chooses to adopt VAR measurement.

By using VAR, a manager is specifically acknowledging potential investment loss or underperformance. Managers at banks frequently discuss their potential losses, they set capital aside for losses and respond to regulators who receive regular reporting of a bank's loss potential. The investment management industry, however, does not use the word "loss" (the "L" word) very often. Clients should explicitly agree that a loss of a certain amount is acceptable or possible in the pursuit of gain, which is not common in the investment industry and which is required for a proper acknowledgment of who has what authority and what responsibility.

Risk measurement in general does not prevent losses altogether, and VAR is no different. When a firm loses money, the explanation is not necessarily that its VAR system failed. Even though VAR users are quantifying risk every day, they must keep in mind that the potential loss measured by this technique could actually occur. VAR also does not decide what risk threshold is acceptable. The decision must be made by management (e.g., the plan sponsor or the investment committee). VAR measures how much risk is in a fund and management must determine when to start reacting to that exposure by making changes in the fund's performance.

### **Conclusion**

VAR is a disciplined, unified way to look at the risk in an investment portfolio. Its value is clear to senior managers in investment firms and to plan sponsors. It allows them to compare portfolio managers and to flag situations that may require attention. From a portfolio manager's viewpoint, VAR can be another layer of constraint, but VAR monitoring

can actually permit the removal of some constraints that are placed on portfolio managers, particularly if they want to use strategies that involve instruments that normally cannot be accommodated by investment guidelines.

### Statistics

actual\_gains

N	Valid	5
	Missing	0
Mean		31.0000
Median		18.0000
Mode		12.00 <sup>a</sup>
Std. Deviation		2.65518
		E1
Skewness		1.736
Std. Error of Skewness		.913
Kurtosis		2.878
Std. Error of Kurtosis		2.000
Sum		155.00

a. Multiple modes exist. The smallest value is shown

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***Paradigm Shift in Handling Employee Burnout – Improving Spiritual  
Quotient***

**Prof. Prasanna Shembekar**

BE (Electronics), MBA (HR)  
Faculty, Gandhe's Commerce Classes ,Nagpur  
E.mail: shembekarps@gmail.com

**Prof .Chaitanya A. Sakhare**

NET (Com), MBA, M.Phil., M.Com.  
Kamala Nehru College ,Nagpur  
E.mail: chaitanya.dbm@gmail.com

**Prof. Vrushali M. Sawankar**

BCom, MBA (HR)  
Dr. Babasaheb Ambedkar College of Engineering  
& Research, Depart of Management, Nagpur  
Email: vrushali\_pathak@rediffmail.com

**Prof. Priyanka Rotey**

BSc, MBA  
Dr. Babasaheb Ambedkar College of Engineering  
& Research, Depart of Management, Nagpur  
Email: priyankarotey09@gmail.com

## **ABSTRACT**

### **The need**

In today's Indian corporate world, tough competition, work pressure and strict deadlines are leading to higher level of organizational stress in employees. There are many stressors which often shift the employees from eustress to distress and finally leading to a stage called "Burnout". In this stage employees collapse physically and emotionally and need to seek immediate medical attention. In extreme cases, when depression is involved, suicidal tendencies may occur as an escape from their situation. Even if extreme conditions are not considered, Burnouts can lead to withdrawal from normal life, integrity disorders and partial job dysfunction.

### **The Paradigm Shift**

Spiritual Quotient is the new mantra for organizations today. This paper focuses on the study of finding relationship between spiritual quotient and employee burnout at workplace and improvement of employees through spiritual quotient. In this research, other parameters such as boss-subordinate relations, salary, basic liking for the work and working conditions are not discussed as those are already subjects of research on stress.

Companies around the world have all begun incorporating spirituality into the workplace. Question is, can the spiritual quotient become instrumental in avoiding burnouts? And if yes, then are there any ways to improve the spiritual quotient of an average employee?

**Keywords:** Stress, Burnout, spiritual quotient, Workplace Spirituality



## **INTRODUCTION**

Employees at all levels of management are becoming busier day by day. Such hectic business schedules and round the clock winning approach turns them into workaholic employees. In the longer run, this might make them physically and mentally disabled to perform their roles, which in turn would result into unproductive performance. This results, in increased level of mental stress and negative interpersonal transactions, which makes this intellectual asset ineffective.

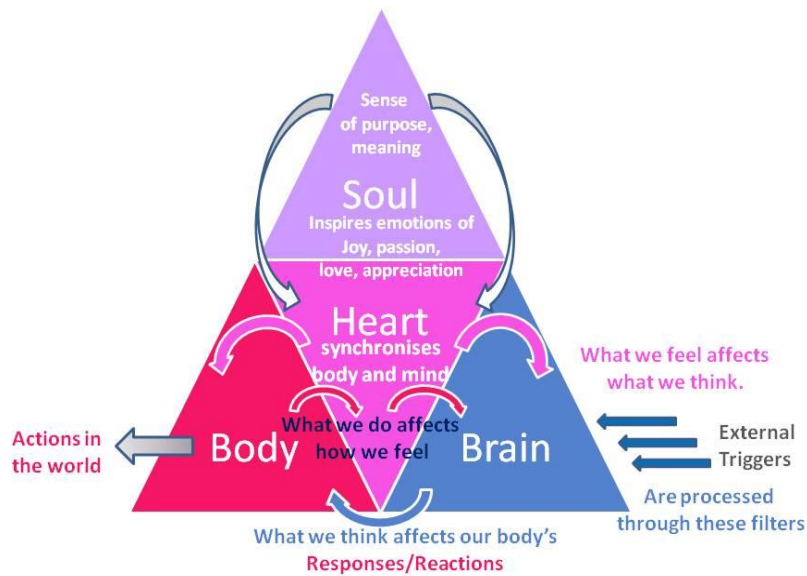
What troubles employees most is Work Stress. Work can be a stressful place and with companies trying to keep an eye on the bottom line while simultaneously improving productivity, many workers may find themselves with more responsibilities than ever before. Spirituality in the Workplace is a concept that evolved over many years of experience managing a thriving corporation.

### **Burnout**

The term “*burnout*” was first introduced by *Freudenberger* (1974). According to him, it is a state of physical, mental, and emotional exhaustion that often results from a combination of very high expectation and persistent situational stress. It describes a state of depletion of a person’s resources, particularly energy due to excessive demands made on an individual as a result of which one becomes apathetic and impassive towards his/her work and other aspects of his/her life. It has been found to have dysfunctional repercussions on the individual and adverse effects on the organization. It may reflect in a continued dissatisfaction with the situation, ranging from mild boredom to severe irritation, depression, exhaustion, and physical ailment. The experience of too much pressure and too few sources of satisfaction can develop into a feeling of exhaustion leading to burnout (*Golembiewski and Munzenrider, 1988*).

### **Spirituality**

Spirituality is about acknowledging that each individual has a unique talent and spirit and that talent is to be valued to give rise to creativity. There is a need to allow other people’s spirits to be nourished and change a workplace from merely being a place to earn sufficient money to a place of livelihood. A spiritual culture that recognizes that employees have both a mind and a spirit seek to find meaning and purposes in their work, and desire to connect with other employees and be part of a community.



Source:<http://energywork.co.za>

The concept of spirituality draws on the ethics, values, motivation, work/life balance, and leadership elements of an organization. Spiritual organizations are concerned with helping employees develop and reach their potentials. They are also concerned with addressing problems created by work life conflicts.

### What is Workplace Spirituality?

According to *The International Center for Spirit at Work (ICSW)* Workplace Spirituality is the innate human attribute in spirituality. Spirituality is a state or experience that can provide individuals with direction or meaning, or provide feelings of understanding, support, inner wholeness or connectedness..All people bring this as an integral part of themselves to the workplace. Workplace spirituality is drastically becoming a growing concern for the organizations, employees, and job seekers. People are looking to the workplace to fulfill their spiritual needs and on the other hand, organizations which are able to fulfill spiritual needs of the employees are getting positive work outcomes.

### What is spiritual quotient?

“It is one’s overall capacity to think rationally, act purposefully and to deal effectively with one’s environment.”- (Wechsler, 1958) Spiritual quotient (SQ) is described as a measure that looks at a person's spiritual intelligence in the same way as intelligence quotient (IQ) looks at cognitive intelligence. The concept encapsulates 6 types of personality: social, investigative, artistic, realist, contractor and conventional.

### Indicators of High SQ

- Self-awareness
- Vision
- Values
- Holistic approach and views
- Flexibility and adaptability
- Ability and capacity to face, use and transcend pain and suffering.
- Wisdom not to harm or hurt others and self
- Appetite for seeking answers to fundamental questions by using "why" and "what if"
- Courage to work against conventions if necessary.

*Dana Zohar* and *Ian Marshall* introduced a new dimension to human intelligence. Spiritual Quotient (or SQ) is the ultimate intelligence, they claim. This is the intelligence used to solve problems of meaning and value. "Is my job giving me the fulfillment I seek?" "Am I relating to the people in my life in a way that contributes to their happiness and mine?" Answers to these questions determine whether we will find happiness or not.

## **LITERATURE REVIEW**

Spirituality provides organisations and employees with an entirely different way of knowing and experiencing work. *Harmer and Fallon* , in their article, explore and propose a hierarchical relationship between workplace emotional intelligence and employee spirituality. An explanation of how spirituality and an employee's spiritual practice can enhance the demonstration of emotional intelligence at work is provided. According to *Dy-Liacco, Kennedy, Parker and Piedmont* , spirituality like emotional intelligence is an increasingly popular topic in both academic and mainstream literature.

*Aburdene* explored the relationship between the effective application of emotional intelligence at work and another emerging indicator of enhanced organizational performance: workplace spirituality. The article commences with a summary of how the current business trend of developing greater employee emotional awareness and intelligence provides employees with the psychological grounding to explore the more complex aspects of individual and collective spiritual experience. The article then outlines how an employee's spiritual practice can further enhance their workplace emotional awareness and intelligence, and concludes with possible future directions of spirituality research in the areas of employee attraction, engagement and retention.

Using the manifestation of workplace emotional intelligence as an example, the very definition of Emotional Intelligence is often defined as thinking with emotion and effectively communicating the outcome of that thinking. Adopting this definition, therefore, the effective demonstration of emotional intelligence at work would require an individual to

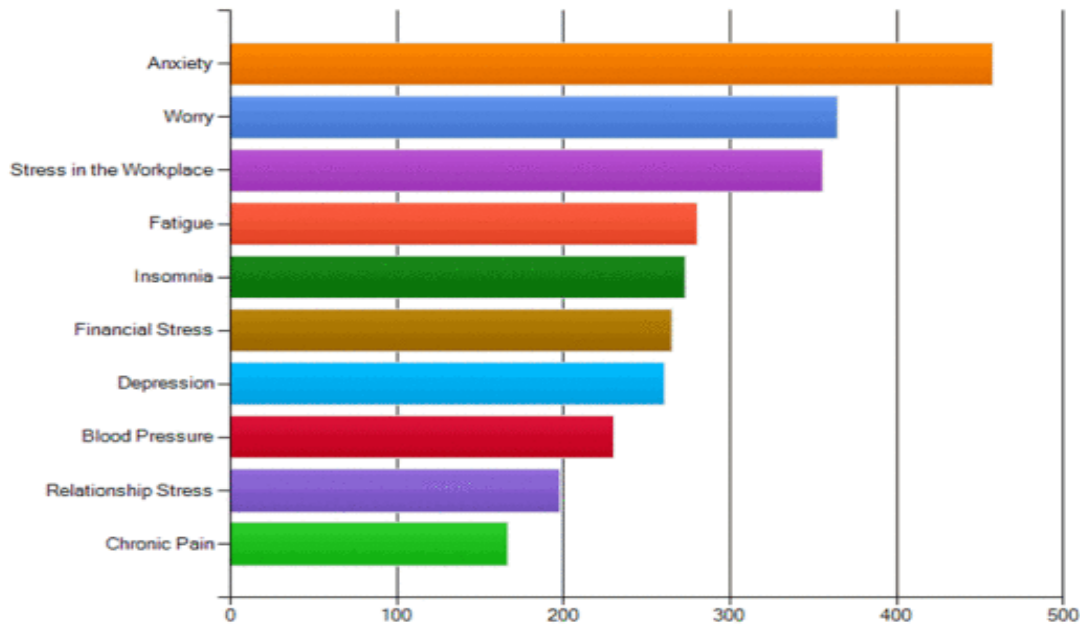
simultaneously possess a high capacity of each aforementioned developmental lines underpinning human potential. A similar logic applies when an individual considers the intentional development of his or her spiritual (like-“what is my ultimate concern?”) experience. From spiritual perspective, the capabilities establishing effective emotional intelligence form one of many aspects underpinning an individual’s spiritual development.

The spiritual dimension of organizational life has been explored more formally through research. *Dent, Higgins, and Wharff* reviewed 85 scholarly articles and found that most of them hypothesized a correlation between productivity and spirituality. They have pointed out the need for “a comprehensive and integrated theory of leadership that acknowledges leaders as complex beings who mature and develop over time in relationship to spiritual, emotional, cognitive, social, and physical domains.” *Duchon and Plowman* demonstrated that work unit performance is positively associated with work unit spirituality. *Marty* believed “spirituality has become an advertised instrument for helping individuals cope with and interpret their place in the stressed world of business and commerce.

According to *Fulton*, spiritual quotient also leads to an enhanced ability to find joy in the small things in life and make it easier to remain focused. Mindfulness practices, in particular, encourage the examination of the small details of experience and lead to greater sensitivity to the fullness of life. Rather than requiring constant stimulation or excitement, the mindful person finds richness even in the mundane. A discussion of spirituality within the workplace is a taboo topic (*Milliman, Czaplewski, & Ferguson, 2003*). However, the integration of emotional intelligence based principles and activities within organizations provide employees with additional skills to better understand and integrate their personal spiritual experience into their work. Spirituality provides organizations and employees with an entirely different way of knowing and experiencing work.

Spirituality is often defined as an awareness of a Being or Force that transcends the material aspects of life. As such, a spiritual life, engenders self-development related to spirituality; encompassing aspects of self-awareness, existentialism, religiosity and life purpose, morality and ethics, peace with oneself, and self-actualization. Furthermore, the spiritual seeker“ is an individual (and employee) who actively considers and pursues a spiritual life. Spirituality has been characterized as a core characteristic of healthy people and, more recently of high performing employees and organizations.

### What types of stress and stress-related problems are you currently dealing with?



Source : <http://stresseraser.com>

### OBJECTIVES OF THE STUDY

1. To study the relationship between spiritual quotient and employee burnout at workplace.
2. To find out whether spiritual quotient of an average employee can be improved.
3. To understand views of various HR professionals and authors over Burnout and use of spiritual intelligence in handling burnout .

### HYPOTHESIS

The hypothesis taken for the study is “that Spiritual Quotient helps in reducing burnout or converting stress in to burnout “

### RESEARCH METHODOLOGY

Methodology adopted for research is a combination of textual research i.e. exploratory research and empirical research through survey. Various attributes are tested through existing literature as well as results of the survey conducted. Hence, there is more emphasis on secondary data for this research.

### Data collection:

**Primary data** is collected by conducting field survey, or by taking interviews and through observation method. For research under discussion, researchers have selected online survey method. Questionnaire was designed and mailed to

the selective respondents. Some respondents were telephonically interviewed. Responses of people were collected via email as well as on phone. It comprised of basic primary data for study. Units of analysis for the primary research where HR professionals i.e. HR managers, consultants, people managers and faculties.

**Secondary data** was collected from 1. Books 2. Other publications and 3. Internet. This data was utilized for concept study and literature review and also for comparison with field responses. Some syndicate data was also used which was published in various articles on internet.

### Sampling:

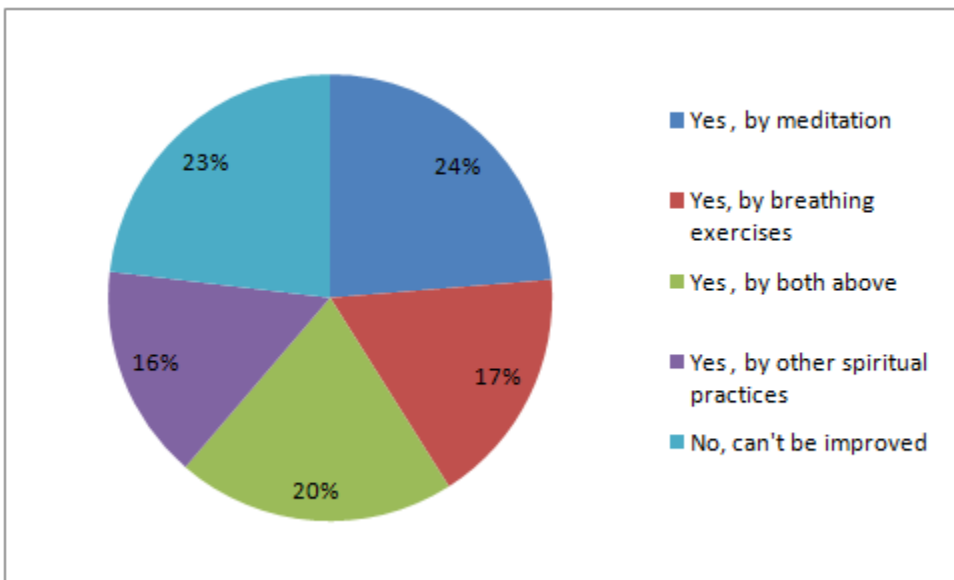
Sampling method used was random sampling since the method for survey was online poll method.

Total 173 professionals responded to the survey and selected 10 HR professionals were telephonically interviewed. Simple statistical tools were used, mainly measures of central tendency such as arithmetic mean and mode.

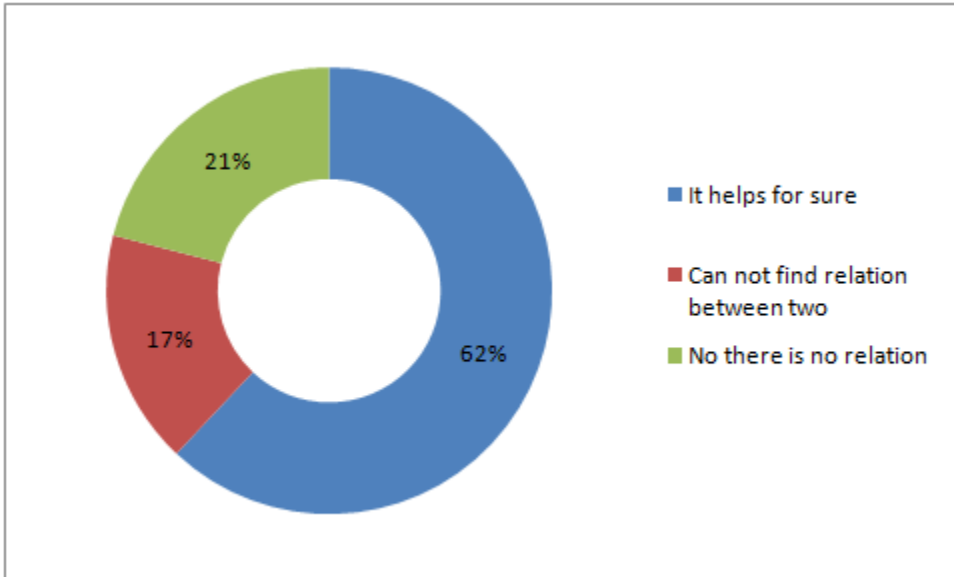
### DATA ANALYSIS & INTERPRETATION

Following were the results of the survey conducted of 173 HR professionals which included HR managers, consultants, people managers and faculties. The results are self explanatory.

- Q. Can spirituality quotient of a person be improved?



- Q. Does better SQ help in reducing burnout or converting stress in to burnout?



When interviewed, Nabomita Mazumdar, HR manager and generalist at Citeman networks said:

*Firms spend on the spiritual level training for their employees. The corporate endorsement for Art of living and Isha Foundation are the biggest examples of this practice. By and large this affects the way the attendees approach stress. The development takes practice and discipline, hence the result may vary. The techniques can be learnt, but requires daily practice, especially at every difficult situation.*

Sharmila Das, another noted HR professional said :

*Although, in my opinion, spiritual quotient gives the purpose to motivation. Especially, the employees get profoundly motivated in terms of taking good decisions overwhelmingly that gives their purpose to work. Spiritual intelligence works better as a cause to achieve the goals or plans set.*

## **CONCLUSION**

“Spirituality in the Workplace” is more than just a concept; it is a practical method for attaining business success. Practicing “Spirituality in the Workplace” creates win/win results for everyone involved. Employers, employees, and even customers no longer have the need to question the motives of service providers.

From the overall interviews and surveys of noted HR practitioners, it can be concluded that there is a distinct relation between two and higher SQ level can help employees in fighting with their own stressors with ‘awareness’ and prevent oneself from ending up in a burnout. It can also be concluded that spiritual quotient can definitely be improved if an employee is willing to do so and undertakes spiritual practices of his choice to do so.

During the survey, the hypothesis taken for the study “that Spiritual Quotient helps in reducing burnout or converting stress in to burnout” proved to be *true*. When asked to various HR professionals, 62% think that definitely the SQ can help in reducing employee burnouts. 21% could not relate the two because they felt that other parameters such as boss to subordinate relations, role ambiguities, self-role distance and other role stressors are prevalent in the cases of burnout. 77% of them confirmed that spiritual quotient of employees can be improved using some or the other methods and spiritual practices. It was thus challenging to find out whether spirituality really helps an employee to come out of situations of distress. In Bhagvadgita Lord Krishna has asked to practice "Karmayoga" where in results are not the focal point of the Karma. However in work life, everybody needs to result oriented. This could be the main reason why we develop stress. Expectations from others that we should "continuously deliver" results! Most of the HR professionals agreed to it while some of them added an important point that in fact people with higher SQ were more patient and had a higher level of acceptance at all levels.

Spirituality is not renunciation of results or losing focus over results but understanding and accepting the fact wholeheartedly that we may sometimes fail. If the very fear of ‘rejection due to failure’ is withdrawn the stress level will naturally come down.



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***Current Trends and Challenges of HRM  
in Changing Paradigm***

**Prof. Sachin Choudhari**

**Prof. Sanjay Sarkate**

Foster Development School of Management, Aurangabad

Matsyodari Institute Technology and Management, Jalna

**Email id: sachinchoudhari58@gmail.com**

**Sanjay\_sarkate@rediffmail.com**

## **Abstract**

In current scenario the survival of any organization becomes so difficult due to changing paradigms of trends of HRM. This paper focused on the new and recent trends of HRM which nowadays becomes essential part of any activities of organization. After the globalization era, the scope for HRM becomes so wide locally as well as globally. The demand for the competent workforce and the acclimatization of worker with new technology becomes tedious task for the organization. The recent trends are varied as per the global and local market. The trends like globalization and its implication, employee involvement, workforce diversity, changing skill requirement, managing diverse workforce, downsizing and the reengineering of the organization etc. are playing vital role in the growth and development of HRM and organization. The different functions of the HRM have created the wave in the business market and playing strategic role in the management and employee relation. There are certain challenges which may face by the organization in upcoming four to five year. The challenges or the roadmap to HRM involves the employee retention and the empowerment, vision and mission of the organization, global workforce diversity, Enhancing the supplementary Services, merger and acquisitions etc. These trends and challenges are going to change the world scenario as a effect of globalization.

**Key words:** downsizing, talent management, merger and acquisitions, reengineering etc.

## Current trends and challenges of HRM in changing paradigm

### ❖ Introduction of the research study :

Human resource management is a process of bringing people and organizations together so that the goals of each other is met. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Personnel directors are the new corporate “heroes”. The today focus in business is personnel. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order.

The major purpose of HRM is to increase and improve the productive contribution of personnel to the organization in more ethical, social, and administratively responsible way. This purpose emerged from commonly called industrial relations, personnel administration, industrial psychology and personal management. Research shows that its aim is to create a whole organizational culture that binds workers to the company’s objectives with full professional commitment, integration, and quality work.

The 21st century brings with it enormous opportunities but also enormous pressure, if the companies will not improve the productivity of the people and treat them “human being’ which are the vital objects of all the economic activities leading towards industrial development. Now there is worldwide consensus on human resource being one of the major means of increasing efficiency, productivity and prosperity of the firm.

Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This calls for future skill mapping through proper HRM initiatives. Organizations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organizations. There is a need for multi skill development. Role of HRM is becoming all the more important. With the increase in competition, locally or globally, organizations must become more adaptable, resilient, agile, and custom r-focused to succeed. And within this change in environment, the HR professional has to evolve to become a strategic partner, an employee sponsor or advocate, and a change mentor within the organization. The HR manager will also promote and fight for values, ethics, beliefs, and spirituality within their organizations, Especially in the management of workplace.

### ❖ Meaning and Definition of HRM:

Human resources management can be defined as that part of management concerned with:

1. All the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organization.
2. All the dimensions related to people in their employment relationships, and all the dynamics that flow from it; and
3. Adding value to the delivery of goods and services and to the quality of work life for employees, hereby helping to ensure continuous organizational success in transformative environments.

Human Resource Management (HRM) is a process of bringing people and organizations together

So that the goals of each are met. It is part of the management process which is concerned with the management of human resources in an organization. It tries to secure the best from people by winning their wholehearted cooperation. In short, it may be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner.

According to,

**Invancevich and Gluck,**

“HRM is concerned with the most effective use of people to achieve organizational and individual goals. It is the way of managing people at work, so that they give their best to the organization”.

According to, **Edwin Flippo,**

“It is the planning, organizing, directing, controlling the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organization and societal objectives are accomplished.”

#### ❖ **The Changing Nature of HRM Function**

Today, competitive advantage is based on the successful application of knowledge. Managing people, as an HRM function, has broadened, to include managing organizational capabilities, relationships, learning and knowledge. These functions include four generic areas, i.e., (i) Roles, (ii) Relationships, (iii) Strategic focus, (iv) Learning focus. These areas are different from each of the economy functions, like traditional, transitional and knowledge.

#### **Innovate HRM**

- Crafting creative business strategies
- Organizational restructuring
- Creating social networks
- Invoking new challenges
- Shifting approach
- Enabling companies to go global
- Leading to superior performance
- Creating knowledge work force

#### **Human Resource Information System (HRIS) for Effective HRM**

In today's competitive business environment, the cutting edge for any organization is given by the speed with which it takes decisions to respond to changes in the environment, internal or external. A well-designed computerized HRIS alone can provide the information and analysis within the shortest possible time. Now-a-days, many organizations are using the computerized HRIS. They keep records in a compact manner, enabling access and retrieval, in a flexible way.

#### **Benefits of HRIS**

- Simplified data entry
- Less paperwork

- Fast and accurate
- Better use of feedback
- Increased efficiency
- Improved tools for data analysis

HRIS has great significance in every sector and it can play a vital role. It helps to have a better communication process in the organization and we can offer better service with less effort at reduced cost. Most importantly, organizations can hire and retain top performers, improve productivity and enhance job satisfaction of the employees.

## **HR, HRM & HRD**

Human Relations is called HR also known as Human Resources. Managing HR is called Human Resources Management (HRM). Developing HR is called HRD. HRM is a philosophy, while HRD includes the activities and processes undertaken to promote the intellectual, moral, psychological, cultural, social and economic development of the individuals in an organization, in order to help them to achieve higher human potential as a resource for the community. It is a continuous process by which the employees are assisted in a planned way to develop capabilities.

### **❖ Current Trends of HRM in changing paradigms**

#### **1) Globalization and its implications**

The rise of multinational corporations places new requirements on human resource managers. The HR department needs to ensure that the appropriate mix of employees in terms of knowledge, skills and cultural adaptability is available to handle global assignments. In order to meet this goal, the organizations must train individuals to meet the challenges of globalization. The employees must have working knowledge of the language and culture (in terms of values, morals, customs and laws) of the host country.

Human Resource Management (HRM) must also develop mechanisms that will help multicultural individuals work together. As background, language, custom or age differences become more prevalent, there are indications that employee conflict will increase. HRM would be required to train management to be more flexible in its practices. Business today simpler because tomorrow's workers will come in different colors, nationalities and so on, managers will be required to change their ways. This will necessitate managers being trained to recognize differences in workers and to appreciate and even celebrate these differences. The trend toward opening up foreign markets to international trade and investment.

#### **a) Impact of Globalization**

- Partnerships with foreign firms
- "Anything, anywhere, anytime" markets
- Lower trade and tariff barriers
- NAFTA, EU, APEC trade agreements
- WTO and GATT

## **b) Impact on HRM**

- Different geographies, cultures, laws, and business practices
- Issues:
- Identifying capable expatriate managers.
- Developing foreign culture and work practice training programs.

## **2) Work-force Diversity**

In the past HRM was considerably simpler because our work force was strikingly homogeneous. Today's work force comprises of people of different gender, age, social class sexual orientation, values, personality characteristics, ethnicity, religion, education, language, physical appearance, marital status, lifestyle, beliefs, ideologies and background characteristics such as geographic origin, tenure with the organization, and economic status and the list could go on. Diversity is critically linked to the organization's strategic direction. Where diversity flourishes, the potential benefits from better creativity and decision making and greater innovation can be accrued to help increase organization's competitiveness. HRM must be aware of the age differences that exist in today's work force. HRM must train people of different age groups to effectively manage and to deal with each other and to respect the diversity of views that each offers.

### **a) Increased diversity in the workforce**

- Creating workplace that respects and includes differences
- Recognizing unique contributions individuals with differences can make
- Creating work environment that maximizes potential of all employees

### **b) Work-life balance**

- Employees experiencing burnout due to overwork and increased stress – in nearly all occupations
- Rise in workplace violence, increase in levels of absenteeism as well as rising workers' compensation claims
- Causes range from personal ambition and the pressure of family obligations to the accelerating pace of technology
- According to study by Center for Work-Life Policy, 1.7 million people consider their jobs and work hours excessive
- 50% of top corporate executives leaving current positions
- 64% of workers feel work pressures are "self-inflicted", and taking a toll
- In the US, 70%, and globally, 81%, say jobs are affecting their health.
- Between 46% and 59% of workers feel stress is affecting their interpersonal and sexual relationships.
- Males feel there is stigma associated with saying "I can't do this"

### **c) Structural shift from the manufacturing to the service sector**



- Growth in part-time employment
- Rising prominence of women in the workforce
- Gradual aging of labor force with fewer young people entering workforce and participation rates among older workers increasing
- Growing importance of temporary employment and self employment
- Adoption of flexible working practices, such as job sharing and the increasing opportunity to work from home.

#### **d) Developing Human Capital**

- The knowledge, skills, and capabilities of individuals that have economic value to an organization.
- Valuable because capital:
  - Is based on company-specific skills.
  - Is gained through long-term experience.
  - Can be expanded through development.
- Managing talent – recruitment, development, and retention of the best workers
- Employers need to find innovative ways to “brand” themselves, setting them apart from competitors and becoming an “employer of choice”
- As talent becomes scarce, development of current employees for promotional opportunities

#### **e) Labor shortage – finding the right talent**

- Statistic: By 2020, gap between available and required skilled workers is projected to be 14 million
- Use of e-recruiting and non-traditional labor pools
- Establishing selection system geared to retention: better skills assessment, knowledge, and fit for job.

### **3) Changing skill requirements**

Recruiting and developing skilled labor is important for any company concerned about competitiveness, productivity, quality and managing a diverse work force effectively. Skill deficiencies translate into significant losses for the organization in terms of poor-quality work and lower productivity, increase in employee accidents and customer complaints. Since a growing number of jobs will require more education and higher levels of language than current ones, HRM practitioners and specialists will have to communicate this to educators and community leaders etc. Strategic human resource planning will have to carefully weigh the skill deficiencies and shortages. HRM department will have to devise suitable training and short term programmes to bridge the skill gaps & deficiencies.

### **4) Corporate downsizing**

Whenever an organization attempts to delayer, it is attempting to create greater efficiency. The premise of downsizing is to reduce the number of workers employed by the organization. HRM department has a very important role to play in downsizing. HRM people must ensure that proper communication must take place during this time. They must minimize the negative effects of rumors and ensure that individuals are kept informed with

factual data. HRM must also deal with actual layoff. HRM dept is key to the downsizing discussions that have to take place.

### **5) Continuous improvement programs**

Continuous improvement programs focus on the long term well being of the organization. It is a process whereby an organization focuses on quality and builds a better foundation to serve its customers. This often involves a companywide initiative to improve quality and productivity. The company changes its operations to focus on the customer and to involve workers in matters affecting them. Companies strive to improve everything that they do, from hiring quality people, to administrative paper processing, to meeting customer needs. Unfortunately, such initiatives are not something that can be easily implemented, nor dictated down through the many levels in an organization. Rather, they are like an organization wide development process and the process must be accepted and supported by top management and driven by collaborative efforts, throughout each segment in the organization. HRM plays an important role in the implementation of continuous improvement programs. HRM must prepare individuals for the change. This requires clear and extensive communications of why the change will occur, what is to be expected and what effect it will have on employees.

### **6) Re-engineering work processes for improved productivity**

As a result continuous improvement programs may not be in the best interest of the organization. The problem with them is that they may provide a false sense of security. Ongoing incremental change avoids facing up to the possibility that what the organization may really need is radical or quantum change. Such drastic change results in the re-engineering of the organization.

Re-engineering occurs when more than 70% of the work processes in an organization are evaluated and altered. It requires organizational members to rethink what work should be done, how it is to be done and how to best implement these decisions. Re-engineering changes how organizations do their business and directly affects the employees. Re-engineering may leave certain employees frustrated and angry and unsure of what to expect. Accordingly HRM must have mechanisms in place for employees to get appropriate direction of what to do and what to expect as well as assistance in dealing with the conflict that may permeate the organization. For re-engineering to generate its benefits HRM needs to offer skill training to its employees.

### **7) Contingent workforce**

A very substantial part of the modern day workforce is the contingent workers. Contingent workers are individuals who are typically hired for shorter periods of time. They perform specific tasks that often require special job skills and are employed when an organization is experiencing significant deviations in its workflow. When an organization makes its strategic decision to employ a sizable portion of its workforce from the contingency ranks, several HRM issues come to the forefront. These include being able to have these virtual employees available when needed,

providing scheduling options that meet their needs and making decisions about whether or not benefits will be offered to the contingent work force.

No organization can make the transition to a contingent workforce without sufficient planning. As such, when these strategic decisions are being made, HRM must be an active partner in these discussions. After its entire HRM department's responsibility to locate and bring into the organization these temporary workers. As temporary workers are brought in, HRM will also have the responsibility of quickly adapting them to the organization. HRM will also have to give some thought to how it will attract quality temporaries.

## **8) Decentralized work sites**

Work sites are getting more and more decentralized. Telecommuting capabilities that exist today have made it possible for the employees to be located anywhere on the globe. With this potential, the employers no longer have to consider locating a business near its work force. Telecommuting also offers an opportunity for a business tin a high cost area to have its work done in an area where lower wages prevail.

Decentralized work sites also offer opportunities that may meet the needs of the diversified workforce. Those who have family responsibilities like child care, or those who have disabilities may prefer to work in their homes rather than travel to the organization's facility. For HRM, decentralized work sites present a challenge. Much of that challenge revolves around training managers in how to establish and ensure appropriate work quality and on-time completion. Work at home may also require HRM to rethink its compensation policy. Will it pay by the hour, on a salary basis, or by the job performed. Also, because employees in decentralized work sites are full time employees of the organization as opposed to contingent workers, it will be organization's responsibility to ensure health and safety of the decentralized work force.

## **9) Employee involvement**

HRM has a significant role to play in employee involvement. What needed are demonstrated leadership as well as supportive management. Employees need to be trained and that's where human resource management has a significant role to play. Employees expected to delegate, to have decisions participative handled, to work in teams, or to set goals cannot do so unless they know and understand what it is that they are to do. Empowering employees requires extensive training in all aspects of the job. Workers may need to understand how new job design processes. They may need training in interpersonal skills to make participative and work teams function properly.

### **❖ Challenges of HRM in changing paradigm**

#### **1. Rework the vision and mission of the company**

HRM is becoming increasingly involved with strategic planning and the development of means by which people can work proactively toward the achievement of organizational objectives. This means a broader perspective

focused on objectives and results. It implies personal commitment by each worker to the company's goals. The need for this personal commitment means that employee education, communication, and involvement now become fundamental. This being the case, companies develop and emphasize an HRM philosophy to which top management is deeply committed, and which is clearly articulated and practiced by all employees. HR planning is closely linked with strategic planning, so as to support the company mission and give incentives to support its achievement.

## **2. Information & Knowledge age**

Information and knowledge have replaced manufacturing as the source of most new jobs. Work performed in factories by machines is being replaced by work in offices or at computer terminals. And instead of working with things, people increasingly work with ideas and concepts. The information age made knowledge the most important organizational resource. The traditional factors of production - nature, capital, and labor - have already exhausted their contributions. Now the important activities are the generation, structure, development, spreading, sharing and application of knowledge; belongs to the people, the human capital. Successful companies are becoming learning organizations. Organizational effectiveness will increasingly depend on attracting, utilizing and retaining people who can use their knowledge to solve problems, create services, develop new work processes and satisfy customer needs.

## **3. Attracting and Retaining Talent**

One of the greatest challenges of human resource management today is to create HR Capabilities that increase and sustain organizational performance. The ability to attract and retain talent is a core HR capability that is critical to achieving sustainable business performance. Retaining the employees has become more crucial. One can retain the employees in current situation only when a company creates a good employer brand, internally as well as externally, by ensuring that people have good jobs which make them feel proud of working for the organization. Employees can be given opportunities to make presentations at international forums, or made members of academic institutes or industry associations. Today, IT companies are facing a shortage of knowledge workers because the rate at which they lose employees is almost double the rate at which they hire. A major proportion of the turnover issue is attributed to the movement of manpower to the 'land of opportunities' - USA. The average stay of a software consultant of IT Company has dropped to one year. Compensation has been, and will continue to be, the big driver in retaining people so organization need to re-evaluate the pattern of compensation time to time, this will increase retention.

## **4. Empowering Employees**

Empowering is mutual influence; it is the creative distribution of power; it is shared responsibility; it is vital and energetic, and it is inclusive, democratic, and long-lasting. Empowering enables people to use their talents and capabilities, fosters accomplishment, invests in learning, finds the spirit in an organization and builds effective relationships, informs, leads, coaches, serves, creates, and liberates. In an empowering organization, managers

should believe leadership derives from all its employees not a select few. Managers of an empowering organization should know that the Company is most likely to succeed when employees have the tools, training, and authority to do their best & understand that information is power and they share it with all employees. Managers of an empowering organization should value employees enough to build a culture that values and supports individuals. They crave to make sure that everyone feels an ownership of that culture and a responsibility for its perpetuation to create opportunities for finding solutions and for designing what can be not searching for problems and what should have been. Lastly the managers understand that fostering empowerment is a continuing effort not an endpoint to be checked off a list of objectives. Company is most likely to succeed when employees have the tools, training, and authority to do their best & understand that information is power and they share it with all employees. Managers of an empowering organization should value employees enough to build a culture that values and supports individuals. They crave to make sure that everyone feels an ownership of that culture and a responsibility for its perpetuation to create opportunities for finding solutions and for designing what can be not searching for problems and what should have been. Lastly the managers understand that fostering empowerment is a continuing effort not an endpoint to be checked off a list of objectives.

## **5. Managing Global Workforce**

The biggest challenge the organization around the globe facing is to know the social classes and categories from which the new global workers are recruited, and to understand the systems of education and training that shape them so that they can be made socially and culturally fit to serve customers. Educational institutes are particularly crucial in this context, not only in providing the raw material for the virtual service economy, but also in producing social networks (such as old boys" networks) that form an important basis for sociality and upward mobility among the new professional classes. For this we require to redefine the employee status. Talented people will be unwilling to sign on as employees hence companies will have to maintain a fine balance between career planning and free agent ship.

"Go global" seems to be a mantra embedded deep in the Indian business mind. IT companies going global in the inorganic way. Indian business has spread its roots to countries as diverse as USA, and Mexico among others. India, too, has seen its share of MNC"s coming strategy to set up shop. One of the fallouts of this expansion has been a clash of cultural mindsets and behaviorisms.

## **6. Enhancing the supplementary Services**

In today's competitive world the workforce are heavily loaded with work and stress associated with it i.e. Mental stress as well as physical stress. To have a sound body and sound mind it is necessary to develop certain competencies to survive with the stressful situations. The growth of an supplementary industry like computer

training institutes, manpower consultants, „soft skills“ and „cultural training“ consultants, psychological counselors, spiritual guides, stress and time management trainers, gyms, recreational facilities and health-related services, yoga teachers, suggest that new forms of subjectivity are being produced not only through the work itself, but also through the deliberate shaping of personalities and bodies to be „fit“ for the global Challenges.

### **7. Managing Workplace Diversity**

The future success of any organizations relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work. The challenge and problems faced of workplace diversity can be turned into a strategic organizational asset if an organization is able to capitalize on this melting pot of diverse talents. With the mixture of talents of diverse cultural backgrounds, genders, ages and lifestyles, an organization can respond to business opportunities more rapidly and creatively, especially in the global arena, which must be one of the important organizational goals to be attained. More importantly, if the organizational environment does not support diversity broadly, one risks losing talent to competitors. This is especially true for multinational companies (MNCs) who have operations on a global scale and employ people of different countries, ethical and cultural backgrounds. Thus, a HR manager needs to be mindful and may employ a 'Think Global, Act Local' approach in most circumstances. In many ways, the effectiveness of workplace diversity management is dependent on the skilful balancing act of the HR manager. One of the main reasons for ineffective workplace diversity management is the predisposition to pigeonhole employees, placing them in a different silo based on their diversity profile. In the real world, diversity cannot be easily categorized and those organizations that respond to human complexity by leveraging the talents of a broad workforce will be the most effective in growing their businesses and their customer base.

### **8. Challenges of Mergers & Acquisitions**

Liberalization, Privatization and Globalization (LPG), is as dangerous as beneficial. Increasing competition has forced the organizations to device ways and means to grow, perform and achieve excellence. Mergers and acquisition are being accepted as one of the most effective techniques to strengthen a company's market position and adopt a new technology to gain competitive advantage over other organizations. The business situation alters day by day. Before one know the ownership of company's changes hands, starting off a wave of uncertainty of acquired company, suddenly the employees starts feeling that their bosses are changed, if not physically, at least attitudinally. Some of them find themselves grave danger of losing their jobs.

#### **❖ Conclusion:**

With increase in competition locally or globally, organization become more adaptable, agile, and customer focused to succeed. The HR professional has to evolve to become a strategy partner as an employee sponsored

and a change agent within the organization. In order to succeed, HRM must be a business driven function with a thorough understanding of the organization's picture and be able to influence key decision and policies.

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***Impact of Information Technology on  
Performance Management System In India.***

**Prof. Vikita R. Agrawal**

City Premiere College

vikita\_agrawal@yahoo.com



## **Introduction:-**

### **Performance Management**

Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a whole work system that begins when a job is defined as needed. Performance management includes activities to ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on performance of the organization, various departments, processes to build a product or service, employees, etc. Information in this topic will give focus on some sense of the overall activities involved in performance management.

There are many decades have passed with this function of performance management today with the 21<sup>st</sup> century and developing phase of the country there are the introduction of Information Technology in many field of management were the performance management system plays a very important role.

The Performance Management approach is used most often in the workplace but is applicable wherever people interact: like schools, churches, community meetings, sports teams, health setting, governmental agencies, and even political settings. Performance Management principles are needed wherever in the world people interacts with their environments to produce desired effects. Cultures are different but the laws of behavior are the same worldwide. Armstrong and baron (1998) defined it as "A strategic and integrated approach to increasing the effectiveness of organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors"

It is possible to get all employees to reconcile personal goals with organization goals. One can turn around any marginal business and increase productivity and profitability for any organization, with the transparent and hidden forces embedded in this process. It can be applied by organizations or a single department or section inside an organization; as well as an individual person.

Strategic Employee Performance Management consists of three key properties and is supported by a network of programs designed to encourage personal and professional growth within your organization.

The foundation of performance management process includes:

1. Managing Individual Performance: Best practices for the performance appraisal process.
2. Achieving Goals: Alignment of individual goals to corporate goals.
3. Developing Top Performers: Assignment of objectives to challenge future leaders.

### *Manual Performance Management*

Many writers and consultants are using the term “performance management” as a substitution for the traditional appraisal system. I encourage you to think of the term in this broader work system context. A performance management system includes the following actions.

- Develop clear job descriptions.
- Select appropriate people with an appropriate selection process.
- Negotiate requirements and accomplishment-based performance standards, outcomes, and measures.
- Provide effective orientation, education, and training.
- Provide on-going coaching and feedback.
- Conduct quarterly performance development discussions.
- Design effective compensation and recognition systems that reward people for their contributions.
- Provide promotional/career development opportunities for staff.

### ***IT & Performance Management***

Information Technology system comprehensive Employee Performance Management facilitates measurement and execution of company objectives across all levels of the organization.

The system enables Human Resources department to:

1. Set up workflows by job family or individual role to ensure the process is implemented consistently across the organization.

2. Track milestones automatically with a quick view of outstanding plans and appraisal. Reminders can be set up at different intervals to be sent automatically to reduce manual follow-up.
3. Manage corporate goal achievement so the talent management strategy produces tangible results for the executive suite.
4. Automate the existing process, so it can keep the components that are proven to work in your organization.
5. Report on key metrics such as completed appraisals, progress toward goals, average scores, gaps in skills and competencies.
6. Identify top performers to develop succession plans, career management and promotion.

***Tools used in Information Technology based Performance management system is as follows:***

***Tool 1: Multi-Phased Appraisal Process:***

Streamlined Multi-Phased Appraisal Process is the foundation for managing performance in any organization. With a proactive plan to set employee expectations and support productivity and growth, and a system for offering proactive feedback, top performers are easily and objectively identified.

***Tool 2: Identify leaders:***

Identify leaders 360-Appraisals can help managers more effectively pinpoint group leaders. Peer reviews are a great way to determine who had leadership ability within a group by helping you identify employees who motivate others, set good examples and can be trusted by peers to do their part—traits that are often overlooked or hard to identify in team or group settings.

***Tool 3 :Create and manage 360 assessments:***

Create and manage 360 assessments. This easy-to-use system allows appraisal owners to easily generate assessments, then quickly edit, view and print the results. Data can be captured in an employee's annual performance assessment with the option to include it in the overall rating.

***Tool 4: 360°Feedback:***

360° Feedback allows for a complete view of how employees interact with co-workers, managers, clients or vendors from their unique perspectives.

***Tool 5: Competency & Skills Management:***

Competency & Skills Management is an important tool for developing characteristics of top performers by job family. Measuring performance and mapping it to consistent job characteristics helps employees and managers better understand areas of mastery or where improvement is needed.

Goal Management as part of the Employee Performance Management, corporate objectives as set by the organization's governing body become a core component of every employee's annual plan. Goals can be cascaded throughout the organization from the top or they can be set to begin at the manager level. A complete view of the progress toward meeting goals is displayed in a wrap up for executives with automatic calculation of goal completion at every level in the organization.

### ***Tool 6: Analytics & Reporting***

Analytics & Reporting graphically displays performance gaps or accomplishments and company progress toward meeting corporate goals or objectives for executives and management.

Computer Employee Performance Management solution is a component of its full talent management application suite and can be deployed with Recruitment, Career Development, Succession Planning, Learning Management or Compensation Management to support an organization's complete human capital strategy.

### ***Benefits of Information Technology Performance Management:***

For employee performance management, using integrated software, rather than a spreadsheet based recording system, may deliver a significant return on investment through a range of direct and indirect sales benefits, operational efficiency benefits and by unlocking the latent potential in every employees work day i.e. the time they spend not actually doing their job. Benefits may include:

#### ***Direct financial gains :***

- Grow sales.
- Reduce costs.
- Stop project overruns.
- Aligns the organization directly behind the CEO's goals.
- Decreases the time it takes to create strategic or operational changes by communicating the changes through a new set of goals.

#### ***Motivated workforce:***

- Optimizes incentive plans to specific goals for over achievement, not just business as usual.

- Improves employee engagement because everyone understands how they are directly contributing to the organizations high level goals.
- Create transparency in achievement of goals.
- High confidence in bonus payment process.
- Professional development programs are better aligned directly to achieving business level goals.

***Conclusion:***

Managing employee or system performance facilitates the effective delivery of strategic and operational goals. There is a clear and immediate correlation between using performance management programs or software and improved business and organizational results. Moreover Performance Management System eliminates the subjectivity and bias from the appraisal system hitherto prevalent in the manual Employee Performance Management System.

***“Risk Management through Rural Banking: A Roadmap  
for Rural Development”***

**Dr. Teena Shivnani**

*Assistant Professor & HOD*

*Department of Commerce*

*Manipal University, Jaipur. (Raj.)*

*Phone No. 09828487687*

*E-mail:- teenashivnani13@gmail.com*

*teena.shivnani@jaipur.manipal.edu*

## **Abstract**

Lack of access to finance is often cited as a key reason for why poor people remain poor. The burden of indebtedness risk in rural India is great, and falls mainly on the households of rural working people. The exploitation of this group in the credit market is one of the most pervasive and persistent features of rural life in India. Darling's statement (1925), that "the Indian peasant is born in debt, lives in debt and dies in debt," still remains in reality for the vast majority of working households in the countryside. Agricultural and non-agricultural activities in rural areas are typically seasonal & Risky, and households need credit to smooth out seasonal fluctuations in earnings and expenditure. Traditionally the source of such finance has been the local money lender who could easily exploit the hapless rural masses. Rural Banking has facilitated rural people to shift their borrowings from moneylenders to banks thus decreased the exploitation. This step will help rural people to manage their risk in a significant manner. Between nationalization in 1969 and liberalization in 1992 the Indian central bank took control of the placement of banks as a means of advancing social objectives. During this period more than 50,000 new branches were built primarily in unbanked, rural locations. Rural Banking and Credit Institutions play an important role in managing risk through the growing credit needs of rural India. The key determinant of economic development in any country is the degree of importance people attach to Banking. In this paper we evaluate the impact of this 'Rural Banking' experiment on rural development as a source of risk management. Our focus, in particular, is on whether policy driven branch expansion into unbanked locations helped to transform production and employment activities and to reduce poverty and inequality. By exploiting this unique episode in Indian history the paper is able to shed light on long standing debates surrounding whether state-led credit expansion undermines or promotes rural development.

**Key words:** Rural Banking, rural development, RBI, Priority Sector, Ajmer Region.

## Introduction

The banking system is central to a nation's economy. Banks are special as they not only accept and deploy large amounts of uncollateralised public funds in a fiduciary capacity, but also leverage such funds through credit creation. In India, prior to nationalisation, banking was restricted mainly to the urban areas and neglected in the rural and semi-urban areas. Large industries and big business houses enjoyed major portion of the credit facilities. Agriculture, small-scale industries and exports did not receive the deserved attention. Therefore, inspired by a larger social purpose, 14 major banks were nationalised in 1969 and six more in 1980. Since then the banking system in India has played a pivotal role in the Indian economy, acting as an instrument of social and economic change. The rationale behind bank nationalisation has been succinctly put forth by eminent bankers: In India, early concern for rural credit in modern development was manifested in the 1951 All-India Credit Survey. This survey's recommendations foreshadowed initiatives by governments and international organizations across the developing world to expand access to formal credit in rural, unbanked locations. The report's rationale for such initiatives were founded on two key premises. First, supply led inexpensive formal credit was necessary to displace 'evil' moneylenders who exploited their monopoly power to charge high rates of interest and were therefore net contributors to rural poverty. Second, state led expansions of cheap credit were necessary to allow poor, rural households to adopt new technologies and production processes, and thus to escape the cycle of poverty and indebtedness.

Historically, there have been four major problems with respect to the supply of credit to the Indian countryside. First, the supply of formal sector credit to the countryside as a whole has been inadequate. Secondly, rural credit markets in India themselves have been very imperfect and fragmented. Thirdly, as the foregoing suggests, the distribution of formal sector credit has been unequal, particularly with respect to region and class, caste and gender in the countryside. Formal sector credit needs specially to reach backward areas, income-poor households, people of the oppressed castes and tribes, and women. Fourthly, the major source of credit to rural households, particularly income-poor working households, has been the informal sector. Informal sector loans typically are advanced at very high rates of interest. Further, the terms and conditions attached to these loans have given rise to an elaborate structure of coercion – economic and extra-economic – in the countryside.

Rural households need credit for a variety of reasons. They need it to meet short-term requirements for working capital and for long-term investment in agriculture and other income-bearing activities. Agricultural and non-agricultural activity in rural areas are typically seasonal, and households need credit to smooth out seasonal fluctuations in earnings and expenditure. Rural households, particularly those vulnerable to what appear to others to be minor shocks with respect to income and expenditure, need credit as an insurance against risk. In a society that has no free, compulsory and universal education or health care, and very few general social security programmes, rural households need credit for different types of consumption. These include expenditure on food, housing, health and education. In the Indian context, another important purpose of borrowing is to meet expenses for a variety of social obligations and rituals.



If these credit needs of the poor are to be met, rural households need access to credit institutions that provide them a range of financial services, provide credit at reasonable rates of interest and provide loans that are unencumbered by extra-economic provisions and obligations.

## **Rural Banking**

Rural Banking is providing financial facility previously unbanked area to weaker section for specific activities for enhancement of their economic and social status. It worked for raising their standard of living or upliftment of weaker section of society. . Financial facility is including all types of financial services (deposit, borrowings, money transfer etc.). The basic outcome of Rural Banking is to Supply led inexpensive formal credit was necessary to displace 'evil' moneylenders who charge the high rate of interest from poor people thus they were net contributors to the rural poverty.

## **Efforts by RBI towards Risk Management in Rural Banking**

In the field of Rural Banking some efforts has been done by RBI to promote rural development. These are as follows:-

**First**, the RBI lowered the cost at which the rural poor had access to credit. Commercial bank interest rates were kept below the average interest rates in rural areas, and to ensure that commercial banks don't simply use rural deposits to increase urban lending the RBI regulated that a credit-deposit ratio of roughly 60% be satisfied by all rural and semi-urban branches of commercial banks.

**Second**, the RBI identified sectors which it felt did not have access to organized lending market or could not afford to pay the interest at the market rate. It then skewed bank lending towards these 'priority' sectors, which included agriculture, small businesses and entrepreneurs. It did so by introducing priority sector lending requirements wherein banks had to meet specific targets in terms of percentage lent to certain sectors.

**Finally**, the centerpiece of Rural Banking was the use of state control of bank placement to reach populations that had previously had no access to formal financial institutions.

The period from 1969 to the present can be characterised as representing, broadly speaking, and three phases in banking policy. The first was the period following the nationalization of India's 14 major commercial banks in 1969. This was also the early phase of the 'green revolution' in rural India, and one of the objectives of the nationalization of banks was for the state to gain access to new liquidity, particularly among rich farmers, in the countryside. The declared

objectives of the new policy with respect to “ Rural Banking” - were (i) to provide banking services in previously unbanked or under-banked rural areas; (ii) to provide substantial credit to specific activities, including agriculture and cottage industries; and (iii) to provide credit to certain disadvantaged groups such as, for example, Dalit and Scheduled Tribe households.

The Reserve Bank of India (RBI) issued specific directives with respect to Rural Banking. These included setting targets for the expansion of rural branches, imposing ceilings on interest rates, and setting guidelines for the sectoral allocation of credit. Rural credit was an important component of the ‘green revolution’ package; the first post-nationalization phase of expansion in rural banking saw a substantial growth in credit advances for agriculture. Specifically, a target of 40 per cent of advances for the “priority sectors,” namely agriculture and allied activities, and small-scale and cottage industries, was set for commercial banks.

In December 1969, the branch expansion program was revamped and RBI announced that future banking development will be judged in terms of population served per bank office. Moreover, branch expansion will be explicitly skewed towards unbanked rural and semi-urban locations. Between 1970 and 1992 over 50,000 new bank branches were built predominantly in unbanked, rural locations. The number of banks opened in unbanked locations in a state in any given year was driven by the RBI policy rules. We see that expansion into unbanked areas has a significant positive impact on the growth of non-agricultural output. This is our first indication that branch expansion may have had different effects on different sectors of the economy. Expanding the number of banks in rural, unbanked areas appears to have encouraged the setting up and growth of small manufacturing units. And this form of diversification can be an important means of increasing the productivity of rural people and lifting them out of poverty (Lanjouw and Lanjouw, 1995). The Indian branch expansion programme significantly lowered rural poverty and increased non-agricultural output.

And the fact that the marginal impact on poverty is higher for branches built in unbanked as opposed to banked locations is suggestive that the rural focus of the program is justified at least from a social perspective.

It is useful to recall that rural banking was traditionally a monopoly of the money lenders, till the colonial government enacted Co-operative Societies Act in 1904 with a view to making the co-operatives as premier institutions for disbursement of credit. The Process of a three-tier structure commenced in 1915. Government was also providing agricultural loans usually called Takkavi loans, which have since been discontinued. The RBI Act vested a unique responsibility of rural credit to the central bank. All India Rural Credit Survey (1951) of the RBI opined that the co-operatives were "utter failure" in providing rural credit, but added they had a vital role in agriculture credit. The Imperial Bank was nationalised as SBI, which was visualised as a vehicle for rural banking. A rural credit survey of 1966 also concluded the ineffectiveness of co-operatives but stressed the importance of their succeeding. Many State governments legislated the registration and regulation of money lenders but with little emphasis on implementation. Nationalisation of banks in 1969 gave a boost to expansion of banks and banking in rural areas. Expansion into unbanked

locations significantly lowered the household borrowing from moneylenders but raised borrowing from banks. This is a significant finding in so far as an important stated aim of the Rural Banking experiment was to displace moneylenders which were viewed as counterproductive given the high interests rates charged and the extent to which rural residents were perceived to be indentured servants of moneylenders.

After Independence the Indian central bank (henceforth RBI) sought to expand rural access to formal credit via the cooperative movement. However, by the mid-1960s it became apparent that increasing the quantum of financing of credit cooperatives by the RBI could not address the central problem that the bulk of rural India remained without a source of formal credit. This, combined with political demand for the use of commercial banks as agents of change in rural areas, led to the government initiated 'Social control of banking'. RBI used these banks as a vehicle to launch a unique experiment in Rural Banking. Between 1970 and 1992 the number of bank branches in India increased sevenfold to roughly 65,000. Much of this increase was achieved by the banking of unbanked locations in rural areas — over this period the number of banked locations in India rose from under 5,000 to over 25,000. Rural branches constituted roughly 60 percent of bank branches by 1992, as against 22 percent at the time of nationalization in 1969. Equally striking is the fact that post- 1992 branch building in rural and unbanked locations went to pretty much zero, while branch building in urban and metropolitan locations increased. Alongside it skewed bank lending towards the so called priority sectors of agriculture, small scale industry and entrepreneurs.

Bank nationalization was intended to allow the state to target financial backwardness as a means of promoting social objectives. A central aim was to reduce and equalize the average population per bank branch across Indian states.

To achieve this, Indian central bank adopted an area approach whereby unbanked locations — census locations with no prior presence of commercial banks were targeted (Desai 1987). The priority status assigned to financially less developed states, combined with a common definition for unbanked locations across Indian states, meant that more unbanked locations were targeted in financially backward states. In every Indian district a commercial bank was designated as the Lead Bank and made responsible for identifying unbanked locations (based on the criteria set by the central bank). Every three years new (district-wise) lists of unbanked locations were drawn up by the central bank (in consultation with Lead Banks and state development authorities) and made available to commercial banks working in a district. The Lead Bank was responsible for coordinating branch expansion into these locations with other commercial banks working in the district.

Between bank nationalization in 1969 and the onset of financial liberalization in 1990 bank branches were opened in over 30,000 rural locations which had no prior presence of commercial banks (henceforth, unbanked locations). Alongside, the share of bank credit and savings which was accounted for by rural branches rose from 1.5 and 3 percent respectively to 15 percent each.

However, the Rural Banking experiment in India did not solely consist of skewing branch placement toward unbanked locations. A second major objective of the program was to skew lending towards priority sectors. That is the policy makers wanted to change the composition of lending with a view to reaching groups which were typically excluded from formal finance. The principal target groups were agriculturists, small businessmen and entrepreneurs. This was a type of affirmative action program where varying proportions of total lending were “reserved” for these groups whereas the residual was unreserved. The Reserve Bank of India used its control over the banking sector via the lead bank scheme to ensure that these targets were enforced. And because branch expansion into unbanked locations was used to fulfill these targets the two interventions are related. However, they capture different aspects of Rural Banking — branch placement is locational whereas priority sector lending is compositional. These results are interesting as they confirm that Rural Banking appears to have mainly benefited the non-agricultural sector and there is a suggestion that priority sector lending has a larger impact on expansion of this sector than non priority sector lending.

In an earlier research, (Banerjee and Duflo) tested these predictions by taking advantage of recent changes in the “priority sector” rules: all banks in India are required to lend at least 40 percent of their net credit to the priority sector, which includes small-scale industry, at an interest rate no more than 4 percentage points above their prime lending rate. Banks that do not satisfy the priority sector target are required to lend money to specific government agencies at low rates of interest.

More recently, since 2004, vigorous efforts have been made to more than double the credit flow to agriculture. Emphasis has been laid on sound credit culture, effective credit delivery and appropriate credit pricing. New instruments for financial inclusion such as General Credit Cards and no-frills accounts were initiated. Above all, as per the Government of India announcement in 2005, it has been decided to subsidize the commercial banks and NABARD to enable provision of short-term credit at 7% interest rate to the major segment of the farmers.

In brief, there have been vigorous and determined efforts towards expansion of rural credit, especially through Rural Banking.

### **Priority Sector**

One of the objectives of banking policy after nationalization was to expand the flow of credit to agriculture and small industries, or what were termed “priority sectors.” As Appendix Table 2 shows, the share of priority sectors in the total credit outstanding of scheduled commercial banks rose from 14 per cent in 1969 to 21 per cent in 1972 and then went up to 33 per cent in 1980. The RBI set a target of 40 per cent for priority sector lending and by the mid-1980s this target was met. From 1985 to 1990, in fact, the target was over-achieved, that is, more than 40 per cent of total credit outstanding went to priority sectors. From 1991 to 1996, the share of priority sector credit fell, in line with the recommendations of the Narasimham Committee. At first glance, the direction in priority sector lending appears to have been reversed over the last five years. This is, however, a reversal by redefinition: “priority sector” lending now includes

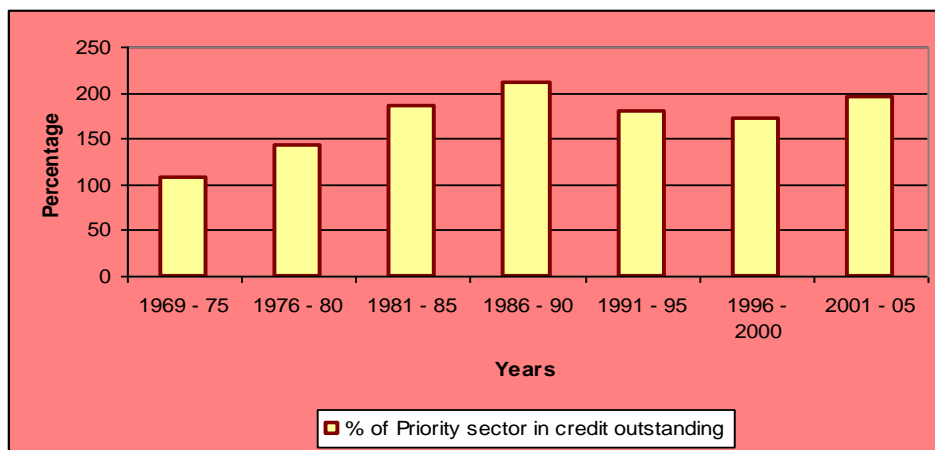
advances to newly-created infrastructure funds, to non-banking finance companies for on-lending to very small units, and to the food processing industry.

Table 1 shows share of priority sector in gross credit outstanding of all scheduled commercial banks, India, 1969 to 2005 (in per cent)

Years	% of Priority sector in credit outstanding (Cumulative % of 5 years)
1969 - 75	107.3
1976 - 80	142.9
1981 - 85	186.1
1986 - 90	211
1991 - 95	179.4
1996 - 2000	171.8
2001 - 05	195.2

Source: Banking Statistics, different years.

**Table :- 1 Percentage of priority sector in credit outstanding**



## **Lead Bank Scheme**

Reserve bank of India came out with a lead bank scheme in 1969. The main objective of scheme is to reduce the credit gaps and provide adequate banking facilities through area approach. In 1969, Reserve Bank of India declared Bank of Baroda as a lead bank among all government Banks. Lead bank works as a consortium leader in the priority sector in invoking Co- operations of other banks and develop agencies for the overall development of the area. Lead bank does not have the monopoly of banking business in the lead districts nor is responsible for its development.

According to Reserve bank of India lead bank scheme, some specific area is allotted for working to every lead bank. For this study, the research area is Ajmer Region. In the Ajmer region five districts will be included:-

- Ajmer District
- Bhilwara District
- Bundi District
- Jhalawar District
- Kota District

Kota & Jhalawar does not have any rural branch. Bank of Baroda have total 50 Rural branches in Ajmer Region. For this study secondary data has collected from all rural branches area people to find out the effect of rural banking on Rural Credit through lowering the rates of interest.

Bank of Baroda is financing 80% of their total financing to Priority Sector in Ajmer region and it clearly indicates that bank of Baroda lead all the other five banks in priority sector lending.

## **Methodology**

The data for the study was collected from secondary sources from all the rural branches about the loans towards the priority sectors. In terms of geographical scope the study is confined to Ajmer region, where the banking facilities have been provided by Bank of Baroda to the rural people.

## **Objective**

- To find out whether the rural banking has lowered the household borrowings from moneylenders but increased borrowings from banks in unbanked area or not.

## **Hypothesis**

- Rural banking has increased Rural Credit through lowering the rates of interest.

## **Data Analysis**

Interest rate plays a major role in increasing loan facilities in the society. As per the sample profile it is clear that respondents are from rural areas. Most of the respondents are from lower and middle class and facing the problem of low per capita income. After analyzing before and after loan situations, it is found that amount of loan taken has increased. To evaluate the reason, the study has measured the important factor of interest rate of total advances, Agricultural advances, and advance to priority sector. To analyze this aspect the study has based on secondary data of the last 5 years of all 50 rural branches of Ajmer Region. Secondary data consists of total advances, advance to priority sector and agriculture in rural areas along with the rate of interest. As mentioned above Ajmer Region covers Ajmer, Bhilwara and Bundi District. Banking sectors adopted liberal policies to enhance loans with the lower rate of interest as per the last five years monetary policy of government of India. With this, the correlation is calculated to analyze the effect of interest rate on Loans. For this purpose the study has covered Ajmer Region. (Ajmer, Bhilwara and Bundi District). The following table 2 shows the correlation between the total loan amount & rate of interest in Ajmer Region.

**Table 2:- Correlation between Loans disbursed & Rate of Interest in Ajmer Region**

	Total Loans in Ajmer		Total Loans in Bhilwara		Total Loans in Bundi		Total Loans in Ajmer Region	
	Pearson Correlation	Sig. (2-tailed)	Pearson Correlation	Sig. (2-tailed)	Pearson Correlation	Sig. (2-tailed)	Pearson Correlation	Sig. (2-tailed)
Rate of Interest_ TA	-.982(**)	0.003	-.990(**)	0.001	-.993(**)	0.001	-.991(**)	0.001
Rate of Interest_ A	-0.813 (*)	0.094	-0.825 (*)	0.086	-0.864(*)	0.059	-0.844(*)	0.072
Rate of Interest_ PS	-0.790	0.210	-0.834	0.166	-0.828	0.172	-0.820	0.180

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.1 level ( 2 -tailed)

**Note:-** TA = Total Advances , A = Agricultural , PS = Priority Sector

In case of Ajmer district result (Rate of Interest \_Total Advances) shows P value 0.003 which is less than (.05) which proves the significant relationship at the 95% confidence level. For Bhilwara and Bundi districts correlation analysis shows highly significant results with P value 0.001 which is also less than (.05) at the 95% confidence level. Overall the study proves that the Interest Rate; Total Advances and Banking Loans have significant high relationship at the 95%

confidence level. As per the table above explores the significant relation between the interest rate and Loans level. This shows that Banking Loans increased due to decreasing rate of interest in the majority in three districts of Ajmer Region.

## **Conclusion**

With the objective of developing rural economy through promotion of agriculture, trade, commerce, industry and extending credit facilities particularly to small and marginal farmers, agricultural labourers and small entrepreneurs, Rural Banking over the years, has reached out to larger part of rural India. In this paper, we attempted to show that access to low-interest, timely credit and freedom from extra-economic coercion in the credit market is an essential component of the income and livelihood security and the general freedom of the rural poor. Forced location of banks in erstwhile unbanked rural locations was the centerpiece of the Indian Rural Banking experiment. We find that the arrival of bank branches in unbanked locations seems to have been in part responsible for risk management diversification into nonagricultural production and employment, a reduction in rural poverty and a reduction in rural inequality. In the end it can be concluded that rural banking plays a vital role in risk management by providing credit and other financial services to the poor. Thus it helps in raising the standard of living of rural people and contributes to social development as a whole. Government has taken many initiatives for the development of rural banking .This is just the beginning and a lot of work still needs to be done as development of rural people is synonymous to social development of the nation as a whole.



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# ***The Emerging Challenges in HRM***

**Professor Reha Prasad**

City Premier College Formerly Known as Centre Point College

**Abstract**

This paper analyzes the various challenges which are emerging in the field of HRM.

The managers today face a whole new array of changes like globalization, technological advances and changes in political and legal environment, Changes in Information technology.

This has led to a paradigm shift in the roles of professional personnel. The great challenge of HRM is to attract, retain and nurture talented employees. This paper also analyzes how to overcome with these challenges. These challenges can be overcome through cross cultural training, technological and informational training of HR people and motivation of employees through various techniques.

**Objective of paper**

To study the details of emerging challenges

To find out the various methods and techniques through which HR can overcome the challenges of present business scenario

**Methodology** – The analysis of this paper is totally dependent upon secondary data like journals, books and various websites from the internet.

## Introduction

This paper has focused in various aspects of Human Resource Management (HRM). HRM is concerned with the people's dimension in organization. Hence the organization is very much responsible for establishment of Personnel Department into Human Resource Department (HRD). The functions that are undertaken by HRD are to recruit, select, train and develop members for an organization. Today with the company having a global mix of the employees, understanding of the employees is a tough task in the hands of the HRD. The paper has further discussed the emerging trend of the HRD like talent management, absconding employee, Balanced Scorecard, outsourcing, and six sigma. Human Resource Management is a process of

bringing people & organization together, so that the goals of each other are met. Indian organizations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian Organization.

As globalization has been a challenging issue for the organization because international human resource management has placed great emphasis on number of responsibilities & functions, such as relocation, orientation, translation services to help employees adapt to new and different

environment outside their own country. Hence forth, the necessary attention must be taken by HR Managers in formulating policies, motivation, maintaining the relationship and stressing on quality in administration.

HR does this in a measurable way. HR people need to do a lot thing. At the end HRD plays the role of initiator, planner and executor in the every organization.

HR managers are facing many challenges in present business scenario like Globalization workforce diversity, technological advances and changes in political and legal environment change in information technology. All these challenges increase the pressure on HR managers

to attract, retain and nurture talented employee. HR professional can't ignore these challenges rather they ought to be line to design and execute innovative mechanisms of developing skills and competencies of human resources to prepare them to accept the emerging challenges.

Human Resource Management (HRM) is a management function that helps manager's recruit, select, train & develops members for an organization. Obviously, HRM is concerned with the people's dimension in organization. Earlier, personnel departments were called "health and

happiness" department. The people assigned to deal with personnel issues were often individuals who were past their prime. The personnel department was seen as lesser productive and unimportant to the organization. Coming to its composition of the HR department, it may

be stated that it depends on the scale of operation and attitude of the top management towards its personnel. However, a globalized HR department is headed by Vice-President, under whom Sr. Manager- Personnel, Sr. Manager- Administration, Sr. Manager- HRD and Sr. Manager- Industrial Relations. The department will grow in size and importance when new demands are placed on it by the top management.

The role of the Human Resources Department has changed dramatically over the past 30 years and will become increasingly more strategic in nature in the future. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent.

Personnel directors are the new corporate heroes. The name of the game today in business is personnel. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order. As identified by scholars in the field that several other trends in the industry, as follows: (1) a shrinking talent pool! (2) An increase in outsourcing, (3) A more intense focus on work/life balance; (4) Changing workplace demographics, (5) Greater need for talent management (6) Ethics requirements, and (6) Globalization. Indian organizations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organizations. There is a need for multi skill development. Role of HRM is becoming all the more important.

The role of HR Dept. saw a radical change over the period of years. It is said that the history of creating a new division to deal with the interests of the employees can be traced back to the socialist parties who appreciated the employee's role in the output created to the company and worked for better employee benefits.

The HR Dept. is to guarantee that the right and the job offered to them is capable of utilizing their capabilities to the maximum adding to self motivation leading to better performance. The HRD is to formulate a good salary policy which is capable of helping in hiring the best in the industry without compromising on the company profits. Today with the company having a global mix of the employees, understanding of the employees is a tough task in the hands of the HRD.

The HRD has the skill to forecast the future changes in the technology and make its employees capable of adapting and adopting the same into their environment with less complexity.

### **Emerging trends in human resource department**

The emerging trends in human resource department can be easily understood by the below mentioned concepts which has been applied by the research scholars, practitioners, and professionals.

#### **1. Talent Management:** - Campbell of Hewitt Suggests focusing on three steps:

Determine the most critical areas of the business to support. Ask what aspects of talents management are most closely aligned with the company's top business priorities.

HR Dept. as a professional consulting team position HR to be the internal experts on talent management. Measure the results if talent management initiatives are being implemented and are effective.

**2. Absconding Employees:-** In large Company's HR Department should evolve a system of analysis? How does HR Dept. of a company react, when the employees themselves go missing and the company becomes liable? When an employee remains absent for sometimes without any intimation, the employer has to act in the following manner, firstly, on the second, HRD should contact employee telephonically. If telephonically contact is not possible then send an official communication within 2-3 days. If even receives no response can seek legal advice and accordingly act to terminate the

service. In second case of warning, if remains absent more than 7 days. The act of disappearing in itself is unethical & illegal. But in genuine cases, employers may reconsider for re-joining and it happened in Patni.

**3. Balanced Scorecard:** - The Balanced Scorecard (BSC) is a tool that translates an organization's mission and strategy into a comprehensive set of performance measures that provide the framework for a strategic measurement and management system. It is basically a visual representation of an organization's strategy.

The BSC is a way of:

Measuring organizational, business unit or department success

Balancing long-term and shorter actions  
Balancing different measures of success - Financial, Customer, Internal Business Processes, Human Resources Systems & Development (learning and A way of tying strategy to action measures growth), and A way of tying strategy to action measures  
The role of the Human Resources Department in a measurement organization should be to indicate how much each

employee contributes to the organization such as revenue generated minus the cost of salary, benefits and training.

The HR department needs to look at the rest of the enterprise as its customer. It can achieve this by developing the human capital within the organization, which it can measure by setting up its own balanced scorecard strategy. People management is an important function of the HR Department and can play an important role in an organization's financial performance as well as the service it offers its customers. The HR department can also respond proactively to the organization's needs by evaluating the strategies of the different departments as well as what their goals are and evaluating how the HR department can help the different departments meet their goals particularly as they relate to employee issues. In implementing a balanced scorecard system an organization goes through four-phases:

1. Strategic Focus - Refine and commit to the organization's strategy

2. Assessment - 4 steps are involved in this phase

a) Audit measures

b) Develop new measures as needed

c) Apply new measures

d) Analyze and report

3. Change Planning and Implementation – Implement

**Globalization:**

At a political and economic level, globalization is the process of denationalization of markets, politics and legal systems i.e. the use of the so-called global economy. Globalization refers to an extension beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity (village markets, urban industries, or financial centres).

It means that world trade and financial markets are becoming more integrated. Growing internationalization of business has its impact on HRM in terms of problems of unfamiliar laws, languages, practices, competitions, attitudes, management styles, work ethics etc. HR managers have a challenge to deal with more functions, more heterogeneous functions and more involvement in employee's personal life.

**Workforce Diversity**

According to Thomas (1992), dimensions of workplace diversity include, but are not limited to: age, ethnicity, ancestry, gender, physical abilities/qualities, race, sexual orientation, educational background, geographic location, income, marital status, military experience, religious beliefs, parental status, and work experience.

The future success of any organizations relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work.

The challenge and problems faced of workplace diversity can be turned into a strategic organizational asset if an organization is able to capitalize on this melting pot of diverse talents.

With the mixture of talents of diverse cultural backgrounds, genders, ages and lifestyles, an organization can respond to business opportunities more rapidly and creatively, especially in the global arena, which must be one of the important organizational goals to be attained. More importantly, if the organizational environment does not support diversity broadly, one risks losing talent to competitors.

This is especially true for multinational companies (MNCs) who have operations on a global scale and employ people of different countries, ethical and cultural backgrounds. Thus, a HR manager needs to be mindful and may employ a Think Global, Act Local approach in most

circumstances. With a population of only four million people and the nations strive towards high technology and knowledge-based economy; foreign talents are lured to share their expertise in these areas. Thus, many local HR managers have to undergo cultural-based Human

Resource Management training to further their abilities to motivate a group of professional that are highly qualified but culturally diverse. Furthermore, the HR professional must assure the local professionals that these foreign talents are not a threat to their career advancement. In

many ways, the effectiveness of workplace diversity management is dependent on the skilful balancing act of the HR manager.



## **Technological advances**

There is a challenging task of adapting workplace to rapid technological changes which influence the nature of work and generate obsolescence. Advanced technology has tended to reduce the number of jobs that require little skill and to increase the number of jobs that require

considerable skill, a shift we refer to as moving from touch labor to knowledge work.. There is new-new working technology. In this situation organizations have to change it technology. New technology creates unemployment and in other hand, there comes scarcity of skilled manpower.

Like this, technological change brings difficulties and challenges in organization.

## **Changes in political and legal environment**

Changes in political and legal environment means changes in political parties and rules regulation due to which new laws are come and you have to follow all laws while doing business. Many changes taking place in the legal and political framework within which the industrial relation system in the country is now functioning.

It is the duty of human resource and industrial relations executives to fully examine the implication, of these changes and brings about necessary adjustment within the organization so that later utilization of human resource can be achieved. It is the responsibility of Human

Resource manager to anticipate the changes and prepare organization to face them without any breakdown in its normal functioning

## **Changes in the Economic Environment**

This includes examination of the impact of a number of factors on production. Some of the key factors are the scarcity of raw materials and other inputs including power and electricity, encouragement of the culture of consumerism, increasing consumer awareness and demand for quality products, continuing upward trend in the inflationary pressures with decrease in the purchasing power of rupee and its spiralling effects in the ever increasing aspirations of workers for higher wages and other material benefits and mounting costs on the employee welfare and other benefits. In an inflationary economy, the resources tend to become scarce and the costs of machine, materials and labour multiply. These push up the capital and running costs.

## **Revolution in Information Technology-**

Information technology has influenced HRM through human resources information systems (HRIS) that streamline the processing of data and make employee information more readily available to managers. More recently, there has been and in the future there will be impact of revolutionary computerized information system in the management it covers two primary areas Application of computer in the managerial decision making process

1. Use of electronic computers managerial decision making process
2. In future computerized information system will have increasing impact at the coordinate and strategic levels of organization

### **Mobility of Professional Personnel-**

One of the interesting facts will be increase in the mobility of various managerial and professional personnel between the organizations. As individual develop greater technical and professional expertise, their services will be greater demand by organization in the environment.

### **How can we overcome with these challenges?**

1. Cross cultural training of HR personnel so that they understand other cultural people
2. Motivate Professional personnel more and more so that do not change organization more frequently financial motivation is not always required you can motivate through non financial motivation like encouragement, training of employee, job satisfaction
3. HR should adopt the change at internet speed.
4. Shifting HR strategy with changing economy – strategy of HR should be agile, capable of flexing and adaptive to changes in the economy.
5. Technical changes in the workplace often require the implementation of additional training for workers. As training and development is generally the realm of the HR department, this creates yet another challenge for human resource managers. HR must first determine what training is necessary and then implement training measures to ensure all workers can keep up with technical changes. Human resource managers must also determine when it may train existing employees, and when it must search for new workers to fill technical positions within the organization
6. Training of HRIS – Human resource information system should be given to the HR managers or HR professional so that they can overcome Information Technology challenges.
7. Proper performance evaluation system and proper career development plans should be used in the organization to reduce professional mobility.

### **Result**

In present scenario HR is facing various challenges like globalization; workforce diversity etc HR people can overcome these challenges through cross cultural training, motivation of employee, technological and information technological training Due to all these challenges it is very difficult for HR people to retain, attract and nurture talented employee. But it can be possible from motivational techniques, HR executives cannot motivate employee from only financial techniques but they can motivate from non financial techniques.

## **HR Managers today are focusing attention on the following-**

- 1. Policies-** HR policies based on trust, openness, equity and consensus.
- 2. Motivation-** Create conditions in which people are willing to work with zeal, initiative and enthusiasm; make people feel like winners.
- 3. Relations-** Fair treatment of people and prompt redress of grievances would pave the way for healthy work-place relations.
- 4. Change agent-** Prepare workers to accept technological changes by clarifying doubts.
- 5. Quality Consciousness-** Commitment to quality in all aspects of personnel administration will ensure success.

## **Conclusion:**

Human Resource Department is no different than other aspects of a business in being able to deliver significant benefits to the company. When reviewing an HR Dept., it becomes clear that a number of business processes have an impact on the effectiveness of employee efforts in delivery services or product to customers. HR Dept. may be misunderstood of all corporate depts., but it's also the most necessary. Those who work in Human Resource are not only responsible for hiring & firing, they also handle contacting job references and administering employee benefit. It's true that any individual who works in HR Dept. "Must be a people person". Employees are human, not commodities and

HR departments have to start seeing them differently, with the current push towards strategies that engage employees, attract top talent, contribute to the bottom line this change is imperative.

The HR dept. should create competitive advantage by building strong organizations, strong leaders, managers, strong teams, & employees. HR Dept. does this in a measurable way. If HR is to be perceived as an enabler of business strategies they need to be seen by measurable

contributions to the bottom line through expense reduction or revenue generation, talent management and risk mitigation. HR people need to be a lot more creative in the way they do things. The "one size fits all" approach doesn't work anymore. HR depts. of today need to be talent of tomorrow.

To conclude that it can be said that HR practice is becoming more and more challenging day by day, they have to face lot of problems like retention, attraction of employee, dealing with different cultural people, managing work force diversity, technological and informational

changes to overcome with these challenges training (Cross cultural training and technological and informational training) is necessary of HR people. To reduce mobility of professional personnel HR people have to motivate them from monetary and non monetary techniques.

Proper performance evaluation system and proper career development plans should be used in the organization to reduce professional mobility.

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# ***Changing Trends and Paradigms for Business Excellence***

**Sheela L. Bhiwgade**

**Yeshwantrao Chavan College of Engineering  
Hingna Road, Wanadongri, Nagpur. (M.S) – India  
Department of Mathematics and Humanities  
EMAIL:sheela14gade@gmail.com**

## **ABSTRACT**

This paper promotes an opinion about the employers who are linked with the employment-related skill development for the survival. This view was being conducted by South Asia Multidisciplinary Advisory Team (SAAT) in 1997. A broad view was put forth that employees are an employer's important asset. In addition to this, the employer organizations are expanding their concerns for HRD by influencing various trends in training and development program in public and private sector as a remark.

The role of training in human resource management practice has vigorous debate about the need for training and development. The debate has made academics and management to look upon the some issues and benefits of training. Is training an investment in people or cost? If training is required, what are the criterion used to determine who should be trained and when to train? These questions have place in management and those in HRM department. Recent years have seen training terms renamed as training and development or learning and development. Given these flurry, this paper explores the relationship between training and employees' of the organization. The paper concludes that the more the training given to the employees, the higher their level to face the challenges in the organization.

The prominent role of training and development in enhancing the success of employees and organizations has drawn the attention of practitioners leading them to introduce training and development as a central part of their human resource practices. Each organization is unique and different in its methods of training and development. Identifies both the business benefits and the people benefits. In the present scenario of training and development, successful organization realizes the changing trends in business environment through paradigms by advance use technology. Everyone seems to be searching for the perfect training and development activity to increase their organizational capabilities with the business strategy. There is emerging steps which are effectively implemented in training and development activity which can have significant impact in motivating, developing and retaining staff. Training for the public, private, small and medium scale industry should be given priority, on the international level, the aim should be to adopt the "best practice" identifiable across national borders. Otherwise, why even we bother to have a training and development activity now and then?

**Keywords: Training and development, Human Resource Management, Organization, Employees**

## INTRODUCTION

Moving into the 21st Century provides a fresh opportunity to think about the kind of world we want to live in. In this regard it is also time to think about the kind of workplace we need to establish in the coming decade. For this we need to be alert and trained with the challenging trends and paradigms with business excellence as seen in the current scenario of the globe. In supporting human resources' T&D, the Government has introduced and implemented the Human Resource Development Act (1992), Now the HR functioning is changing with time and with this change, the relationship between the training function and other management activity is also changing. The training and development activities are now equally important with that of other HR functions. Gone are the days, when training was considered to be futile, waste of time, resources, and money. Now a day, training is an investment because the departments such as, marketing and sales, HR, production, finance, etc depends on training for its survival. If training is not considered as a priority or not seen as a vital part in the organization, then it is difficult to accept that such a company has effectively carried out HRM. Training actually provides the opportunity to raise the profile of development activities in the organization. To increase the knowledge, attitudes and skills of employees and growth towards the quality the concepts of HRM, senior management team is now increasing the role of training and development programs in organization. Such concepts of HRM require careful planning as well as greater emphasis on employee development and long term learning. Training is now the important tool of Human Resource Management to control the attrition rate because it helps in motivating employees; achieving their professional and personal goals, increasing the level of job satisfaction.

According to Obisi (2001) training is a process through which the skills, talent and knowledge of an employee is enhanced and increased. He argues that training should take place only when the need and objectives for such training have been identified Scott, Clothier and Spriegel (1977) agree that training is the corner-stone of sound management, for it makes employees more effective and productive. They argue that training is actively and intimately connected with all the personnel and managerial activities. It would be difficult for a new employee to grow on the job and become a manager without adequate training and development.

According to Mamoria (1995) training is a practical and vital necessity because; it enables employees to develop and rise within the organization and increase their market value, earning power and job security. Mamoria explains that training helps to mould employees' attitudes and help them to contribute meaningfully to the organization. The organization benefits because of enhanced performance of employees. He further states that a well trained employee would make a better and economic use of materials and equipment which would go a long way to minimize wastages. Arnoff (1971) observes that training and development foster the initiative and creativity of employees and help to prevent manpower obsolescence, which may be due to age, attitude or the inability of a person to adapt him or herself to technological changes. Organizations face competition from all fronts. One of the objectives of this paper is to show that effective managers should constantly be aware of the changes taking place in domestic (home country) environment, as well as around the globe (international and foreign environments) on training issues and developments. By doing so, they can scan their environment by ongoing process, and when they detect opportunities and/or threats, they can transform

their organization to seize the opportunities and/or combat or neutralize the threats as the case may be. Investments in training and development of employees can make them more productive or more effective in their jobs, directly contributing to the bottom line. The purpose of training and management development programs is to improve employee capabilities and organizational capabilities. When the organization invests in improving the knowledge and skills of its employees, the investment is returned in the form of more productive and effective employees. Training and development programs may be focused on individual performance or team performance.

The ultimate aim of every training and development program is to add value to human resource. The training and development program gives the opportunity to learn and boost the morale in the mind of individual mind. It is capable of bringing the new technology and interventions in the field of developing the resources through this training and development program. Any training and development program that would not add value should be abandoned. Organizations should therefore make training and development of their employees a continuous activity and fruitful treatment to the management.

#### **OBJECTIVES:**

- To discuss the opportunities through innovation and research in the current business environment.
- To deliberate on new and changing trends seen in business processes and how leading organizations are adopting to these.

#### **WHAT DO YOU UNDERSTAND BY TRAINING AND DEVELOPMENT PROGRAM?**

**Training:** Training is acquiring skills and increasing the knowledge to do a specific job. It is a continuous process and brings about changes in the behaviour of the trained employees resulting ultimately increase in the performance and improvement in quality. **Training** is short term, task oriented and targeted on achieving a change of attitude, skills and knowledge in a specific area. It is usually job related. Training possesses employee orientation, skills and technical training, coaching and counseling.

**Development:** Development means all round improvements in job performance, personality growth in proficiency, advancement towards maturity and progress in all other personality traits that make an employee a "better man or woman and better citizen". So that he or she becomes capable of holding more responsibilities. **Development** is a long term investment in human resources. Development possesses management training and supervisor development.

According to Obisi (1996) the concepts, of training and development are used interchangeably. However, it can be differentiated from the other. Training is for specific job purpose while development goes beyond specifics. Development covers not only those activities which improve job performance, but also those which bring about growth of personality. In training, you use one stone to kill one bird while in development you use one stone to kill two birds (Mamoria, (1995). Cambell, (1971) states that training refers only to instruction in technical and mechanical operations while development refers to philosophical and theoretical educational concept. Training is designed for non-managers while development involves managerial personnel. Training courses are typically designed for a short term, stated purpose, such as the operation of some piece (s) of machinery while development involves a broader education for long-term purpose. Training is for short-term while development is for long-term. Training is for specific job related purpose



while development is for general purpose. Training builds the human capacity through the process which is being carried out in the training programs.

“Training” refers to a systematic approach to learning and development to improve individual, team, and organizational effectiveness (Goldstein & Ford 2002). Alternatively, development refers to activities leading to the acquisition of new knowledge or skills for purposes of personal growth.

#### **WHICH IMPROVEMENTS ARE SEEN AFTER TRAINING AND DEVELOPMENT PROGRAM?**

***Optimum Utilization of Human Resources*** – Training and Development helps in optimizing the utilization of human resource that further helps the employee to achieve the organizational goals as well as their individual goals.

***Development of Human Resources*** – Training and Development helps to provide an opportunity and broad structure for the development of human resources’ technical and behavioral skills in an organization. It also helps the employees in attaining personal growth.

***Development of skills of employees*** – Training and Development helps in increasing the job knowledge and skills of employees at each level. It also helps to expand the horizons of human intellect and an overall personality of the employees.

***Organization Culture*** – Training and Development helps to develop and improve the organizational culture and effectiveness. It helps in learning culture within the organization.

***Organization Climate*** – Training and Development helps to retain in the positive perception and feeling about the organization. The employees get these feelings from leaders, subordinates, and peers.

***Healthy work environment*** – Training and Development helps in creating the healthy working environment. It helps to build good employee, relationship so that individual goals aligns with organizational goal.

***Health and Safety*** – Training and Development helps in improving the health and safety of the organization thus preventing obsolescence.

***Productivity*** – Training and Development helps in increasing the productivity of the employees that helps the organization further to achieve its long-term goal.

***Team spirit*** – Training and Development helps in building the sense of team work, team spirit, and inter-team collaborations. It helps in building the zeal to learn within the employees.

***Quality*** – Training and Development helps in improving upon the quality of work and work-life.

***Morale*** – Training and Development helps in improving the morale of the work force.

***Profitability*** – Training and Development leads to improved profitability and more positive attitudes towards profit orientation.

***Image*** – Training and Development helps in creating a better corporate image.

#### **WHY YOU THINK THERE IS IMPORTANCE OF TRAINING AND DEVELOPMENT PROGRAM IN CHANGING TRENDS AND PARADIGMS FOR BUSINESS EXCELLENCE?**

### ***I. Help in addressing employee weaknesses:***

Most workers have certain weaknesses in their workplace, which hinder them from giving the best services. Training assists in eliminating these weaknesses, by strengthening workers skills.

Training motivates the workers at the bottom level upto top level this gives a deep breath towards the positive behaviour, skills and knowledge. A well organized development program helps employees gain similar skills and knowledge, thus bringing them all to a higher uniform level. This simply means that the whole workforce is reliable, so the company or organization doesn't have to rely only on specific employees.

### ***II. Improvement in workers performance:***

A properly trained employee becomes more informed about procedures for various tasks. The worker confidence is also boosted by training and development. This confidence comes from the fact that the employee is fully aware of his/her roles and responsibilities. As the trained employee built more confidence in their work through the training and development program which refresh him through this activity. It helps the worker carry out the duties in better way and even find new ideas to incorporate in the daily execution of duty.

### ***III. Ensuring worker satisfaction:***

Training and development makes the employee also feel satisfied with the role they play in the company or organization. The workers have the feeling of job satisfaction through this training and development program as it made them comfortable in their workplace as they know about the innovations which are changing certainly. This is driven by the great ability they gain to execute their duties. They feel they belong to the company or the organization that they work for and the only way to reward it is giving the best services they can.

### ***IV. Increased productivity:***

Through training and development the employee acquires all the knowledge and skills needed in their day to day tasks. Yes, it's true as workers acquire all the knowledge and skills develop activity through training and development program. Which made them technically oriented towards the productivity and challenges. Workers can perform at a faster rate and with efficiency thus increasing overall productivity of the company. They also gain new tactics of overcoming challenges when they face them. In training session employee learn about the technical skill and operations which made them confident in operating the task which is given by the hierarchy. The workforce built their efficiency of increasing the productivity in the organization through the training by improving the skills, knowledge and attitude in their behaviour.

***V. Reduction in supervision:*** The moment they gain the necessary skills and knowledge, employees will become more confident. Therefore the supervisors maintain the act of attitude towards workforce when he relieves the burden of higher authority. This make the supervisors more confident and independ towards his task which is provide from upper level and very early he reduce this task to the workforce who are there to hold this work. They will become self reliant and require only little guidance as they perform their tasks. The supervisor can depend on the employee's decision to give quality output. This relieves supervisors the burden of constantly having to give directives on what should be done.

## **WHO ARE THE CUSTOMERS OF TRAINING AND DEVELOPMENT PROGRAM?**

To identify the real customers of the program. The program had been made very effective and true in the sense, to find out who are the real customers of the program. The customers are the participants, the mentoring, the HR staff, the top management, the business leaders, the process leaders and executives.

According to Armstrong (1995) training strategy takes a long-term view of what skills, knowledge and levels of competence employees of the organization need.

- **Participants:** "Will this program make me to prove my skills and knowledge?"
- **Mentoring:** "Does this program give the adequate knowledge to the trainer?"
- **HR staff:** "Does this program elaborate the right knowledge and skills?"
- **Top management:** "Will this program brings the innovations in business with profit and loss approach in market?"
- **Business leaders:** "Will this program provide a positive input and output?"
- **Process leaders:** "Will this program make my subordinates more productive and effective?"
- **Executives:** "Does this program bring the effectiveness towards skills, knowledge and attitudes?"

## **FOR WHAT REASONS THE TRAINING AND DEVELOPMENT PROGRAM ARE BEING CONDUCTED?**

**Changing Values of the Employees:** In the past decades, work ethics was followed by the employees in terms of punctuality, honesty, diligence etc but in the modern day, there is growing trends of serious decline in work ethics. As the modern man do not find the environment to learn, grow and establish a place in the organization, which make the employee to discard this phenomenon in the work. The syndrome is such that some of the organization do not provide the basic guidelines of training and development procedure for the individuals. With this philosophy, one need not to wonder, why work has become one alternative among many to the workers who want to survive in a turbulent and harsh environment of the modern day. The guidelines of training and development program give the individual a situation to rethink about this matter. The trend led to erosion of values as bribery, corruption, lack of transparency, indiscipline, wasteful spending etc became rampant.

**Changing Demands of the Employers:** Due to competitive pressures, the organization must embark on changes in its internal environment as well as technological innovations. The innovations are taking place in the organization very fastly, therefore the demands of the employer is increase for adopting these changes. The foregoing factors no doubt have serious effect for HR management and planning in the organization as manpower contraction or expansion becomes imminent as trends are changing according to the excellence in business development.

**Health and Safety at Work:** The focus is on creating of a work environment which minimizes the likelihood of an accident or injury. The manager's play an effective role in the working environment, where the accident or injury is meets; they must have the eye on this so that this would avoided. Due to this, is job stress which can be as hazardous as an unsafe work place; The modern managers have recognized the dangers of potential personal and organizational job

stress and have taken interest on ways to reduce the problem through medical attention by giving proper training and development activity for likelihood.

**Productivity Improvement:** Poor productivity is likely to create unemployment and inflation, decline in standard of living of the masses, hence all hands must be on deck in search of ways to improve productivity and thus strengthen the economy for the betterment of all parties in employment relations. If organization gives the poor productivity to the market, then who would be responsible for this productivity, Therefore to maintain the reputation of the organization it is necessary to improve the productivity by modern technologies and modern equipment through the team building workforce. of the Modern day HR practice has eminence to greater output and improved quality of products and thus the trends has encouraged HR practitioners in taking active roles on subject of training and development on productivity improvement.

**Multi-Tasking Process:** They must devote more attention to core strategic issues in HR management and be facilitator or change initiators and internal consultant to the organization. The way where the multi-tasking or multi-skilled procedures are follow, then more attention would be capture by the management. As they come to know , who is possessing these multi-skilled process in the business. So they make to learn the management immediately about this multi-skilled process, without wasting any seconds and made them implements in the business. The process of multi-skilling endows the HR professionals to function in other capacities and also affords them the opportunity to appreciate the job schedule of Managers.

#### **WHICH ARE THE IMPLEMENTATION METHODS OF TRAINING AND DEVELOPMENT?**

Basically we use two methods in training and development, they are very common in training resources in the organization and has given the idea about methods and implementation technique. This two methods are technically adopted by the business as the changes are taking place certainly and for this the organization had maintain the these two methods for the improvement of their employee. Where this two methods have been use by changing the trends in the technology and as well as in changes of the culture environment related to the organization development behaviour.

**On- the-job Methods:** This method of training of on-the-job training is given at the workplace to the employee by a senior member of the organization to the lower.

- **Job Rotation:** The trainees receive job knowledge and gains experience from his trainer in each of the different job assignments. An employee is made to rotate from one job to another from time to time so that he acquaints with all jobs and acquire knowledge to do them.
- **Committee Assignments:** Under the committee assignments, group of trainees are given and asked to solve an actual organizational problem. In this the trainee is appointed as a member of committee where he assign to the problems faced by the organization, he learns his position in the organization and adjust himself with the organizational needs.

**Off the job Methods:** This method of training of off the job training is provide to the expertise to acquire knowledge for the routine work and develop the environments.

- **Vestibule Training:** Actual work conditions are stimulated in a class-room. Like, material, files and equipment those are used in actual job performance are also used in training. This is a classroom training provided with the help of machines which are used in the workshop.
- **Lecture Method:** The trainer organizes the material and gives it to a group of trainees in the form of talk. This method save cost and reduce time, as it is a direct lecture method and can be used for a large group.

## WHY EVALUATION IS NECESSARY FOR TRAINING AND DEVELOPMENT PROGRAM?

By addressing Donald L.Kirkpatrick's four levels of evaluation in 1959, organizes the many questions customers have, they are being elaborates. The Kirkpatrick's model by adding a fifth level that focuses specifically on return on investment (ROI). Also, recent research by Kurt Kraiger and his colleagues (1993) has greatly enhanced the understanding of the relationships between the different outcomes. The process of training evaluation has been defined as "any attempt to obtain information on the effects of training performance and to assess the value of training in the light of that information.

The five levels of evaluation are described as follows:

### Level 1: Reactions

*Question: How did participants respond to the training?*

Reaction measures (also known as "smile sheets") are the most commonly used form of evaluation. Reaction measures assess how the participants responded to the training class, event, or materials. Warr and Bunce (1995) describe three kinds of reactions that are measured:

- **Enjoyment of training** (emotional reaction)—"I found this training program to be enjoyable."
- **Usefulness of training** (perceived value)—"What level of value does the training content have for your job?"
- **Difficulty of training**—"I found the issues taught in the training to be difficult to understand."

### Level 2: Learning

*Question: To what extent did the participants experience changes in attitudes, skills, or motivations as a result of the training?*

Learning can be defined and assessed in many ways. For example, participants' ability to answers questions about the training content or to demonstrate newly acquired skills can be measured. Kurt Kraiger and his colleagues (1993) identified three types of learning that can result from training:

- **Cognitive Outcomes**—These are usually assessed by multiple-choice questions, open ended responses, a listing of facts, or similar methods. Knowledge checks such as similar to tests used in schools to assign grades. Measures of cognitive outcomes can be assessed immediately after the training or later to assess knowledge retention over time.
- **Skill-Based Outcomes**—These outcomes are typically seen by required participants to demonstrate their new skills in the training environment.

- **Attitudinal Outcomes**—These are focus on how participants feel or think about the training content. They have implications for participants’ motivation to use the training, their confidence in using the skills, and their ability to reach goals.

### **Level 3: Behavior**

*Question: Can behavior change be observed on the job as a result of the training (i.e., training transfer)?*

In most cases, training success is defined in terms of behavior change. However, Level 3 focuses on what happens to training participants after they leave the training environment. At this point, the focus is on training effectiveness, not evaluating the training. Behavior change usually requires some type of pre-/post-training assessment. Often, this type of assessment comes in the form of surveys that measure estimates of behavior change.

### **Level 4: Organization**

*Question: How have organizational outcomes changed as a result of the training program?*

“Results” can include almost any criterion by which organizational success is defined. These measurements are linked to the organization’s business case, critical success factors, or strategic objectives. Examples of organization include: 1) Productivity 2) Customer satisfaction. 3) Efficiency (e.g., scrap).4) Morale.5) Profitability. These outcomes are usually tracked over time (e.g., month to month) or measured before and after the training. Changes in results might appear in the form of significant deviations in long-term trends or sudden jumps in monthly measures. Unfortunately, it is not always clear how long it will take for a training intervention to have an impact on organizational results. Changes could occur immediately or appear years later. Organization trains and develops people; it should realize positive bottom-line outcomes. But measuring the effectiveness of training and development curricula at this level can be an expensive, time-consuming drain of resources. Before undertaking this level of measurement, an organization must carefully consider whether doing so would be cost effective and warranted.

### **Level 5: Return on Investment/Ultimate Value**

*Question: Did the benefits of training outweigh the costs?*

Because it focuses on a calculated percentage return, Level 5 is distinct from the other Level. It measures the cost of the training intervention versus the return on investment. Usually, gains observed from the training intervention (such as changes in results or behavior) are converted into monetary values. These returns are then compared to the per person cost of the training. Many factors are used to calculate ROI. Entire books have been written to explain this process, which also is known as “utility analysis.” For example, ROI must account for the fact that money spent on training could have been invested in other company ventures; therefore, training not only must return its costs, but also exceed the potential value of alternative investments.

## **CONCLUSION**

The main purpose of this paper is to investigate the relationship between training and development towards the organization, related with the challenges which are being faced by the organization due to the trends and paradigms. Moreover this paper looks upon the criteria for which the training and development program is being assigned in the organization. As the changes are taking place instantly with the current updation, therefore it is necessary for the

organization to look upon this changing trends in the business. In conclusion, training is a tool that can assist in building a more skills, attitude and knowledgeable employee and productive workforce and can lead to greater turnover.

Based on these findings, effective training program can lead to greater employee and a more stable workforce. The innovations which are being highlight by the researcher in the business environment is discuss through the training and development program in the organization. The innovations are seen in the business environments which are forcefully adapted by these processes with changing trends to maintain the image of the organization through training and development program.

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***“THINK GLOBAL, ACT LOCAL” - A Must for  
Modern Business Excellence***

**Smita Santoki**

smita.santoki@siib.ac.in

Symbiosis Institute of International Business)

## **Abstract**

Words like Globe, Globetrotter and Global always found place worldwide but now every corner of the world is swaying to the tunes of 'Globalization' that has become a household name for every company around the globe; whether Big or Small or even which is yet to be born.

The essence of Globalization has been for years a legacy of the developed world more but in today's times the most intriguing effect of it is seen on the Emerging Economies.

Globalization is a process of integration and interaction among people, companies and governments of difference nations, a process driven by International trade and investment and aided by Information Technology. This process has effects on the Environment, on Culture, on Political systems, on Economic Development and prosperity, and on human physical well being in societies around the world.

Business worldwide is done with two most important things in mind, namely Increase in Production and Increase in Profits and in modern times if one need to achieve these, Globalization is the only answer.

Multinational Companies have to work close knitted with different sub offices located in vivid countries and these not only differ geographically but in every minute sense; be it the people who come from diverse cultures, the different legal formalities of different governments and the time frames.

'Think Global, Act Local' is the modern mantra for doing business today and one key solution for any of the concerns that may emerge from the above mentioned case.

Keeping in mind the apt theme of the conference, this paper attempts to explain the changing trends and paradigms for Business Excellence in the context of Globalization wherein it has not only become essential but almost mandatory for businesses in following the thinking global, acting local mantra for achieving success.

The paper keenly covers the process of the Think Global, Act local mantra and brings out some successful cases of global companies that have gained phenomenally by following the above mantra and also highlights some interesting unique benefits of the same.

**Key Words:** Globalization, Diversity, Multinational Companies, trends, Business Excellence

## Introduction

International Business Opportunities are infinite in today's world where each corner of the globe has become accessible; courtesy kind technologies and innovation and what all makes it achievable is the extent to which companies can become adaptable, customize the products or services and the ability to localize skillfully in terms of tastes, preferences, customary practices, rules of the local business laws and winning hearts of the local customers by way of serving them what they want and how they prefer.

The past few decades have seen important shifts that have reshaped the global trade landscape. As a share of global output, trade is now at almost three times the level in the early 1950s, in large part driven by the integration of rapidly growing emerging market economies (EMEs).

International business is defined as all business activities, including the creation and transfer of resources, goods, services, know-how, skills, and information, which transcend national boundaries. The resources may be raw materials, energy, technological know-how and patents, capital, and organizational skills. Goods include manufactured parts, sub-assemblies, and assemblies.

Services may include accounting, financial, legal, consulting, import and export, health care, and transportation. Know-how may include product and process technological innovations, copyrights, trademarks, and brands. Skills may include organizational and managerial skills. Information includes databases as well as information networks.

One may look at the economic activity of an organization and describe it as a set of consecutive business activities, each adding value to the product or service created. These activities are described in terms of the value added by each one of the activities. As such, all products and services that are brought into or shipped away from a certain country involve value-generating activities, such as design, development, production, delivery, and after-sale service and support activities. It is the proportion of the value-added activities that are performed across countries that fall under the definition of international business.

Take, for example, IKEA (IKEA.com), the producer of household furniture and fixtures. IKEA may purchase wood, kilned and dried in Norway. It then produces furniture parts and assemblies in Sweden, which may have been designed in Denmark. Following shipping to the USA, it is put on display in the stores, to be purchased and assembled by customers. Each of these activities adds value to the final piece of furniture by IKEA and constitutes part of international trade when it crosses international boundaries. And finally if they wish to send them for sale to markets in East Africa or Australia, they would have to change the strategies of selling these in both the different markets by way of acting locally by way of

understanding the local preferences of the customers and may further have to localize the product (Furniture in this case) to that extent.

Thus this above example leads us to the **explanation of the Globalized Phenomenon:**

Side by side with the accelerated increase in the sheer size of international business and trade in the 21st century, globalization as a process and as a state of affairs has become a focus of attention for executives and managers as well as for business management educators and scientists. Globalization may be defined as the increasing of worldwide integration of markets for goods, services, and capital concurrent with the increased role for MNEs in the world economy and an increased intervention into domestic and regional policies and affairs by international institutions such as the IMF, the WTO, the World Bank, and the United Nations.

The question is what globalization means for the business executives and others

### The Chronology of Globalization

The term globalization has only become commonplace in the past three decades. However, as indicated in **Table-1**, it has evolved during the past two centuries. Nineteenth and twentieth-century philosophy, literature, and social research include references to the changing experiences of distance and time that are transformed by the introduction of high-speed forms of transportation, such as air travel and communication such as the Internet and cell phones. Distance, in geographic terms, has lost relevance, as noted in **Table-2**.

This, in turn, significantly increases possibilities for human interaction across existing geographical and political borders.

**Table 1-Phases of Globalization since the early 1800s**

Phase of Globalization	Approximate Period	Triggers	Key Characteristics
First Phase	19 <sup>th</sup> Century	Introduction of Rail roads and Ocean Transportation	Growth of manufacturing: increase in cross-border trade of commodities and products
Second Phase	1900-1930	Use of electricity; the development of transportation and communication infrastructure	Emergence of multinational enterprises (MNEs)
Third Phase	1945-1980	Post World War II reconstruction of	Reduction of barriers to trade;

		Europe; formation of General Agreement on Tariff and Trade (GATT)	an increase in the number and size of MNEs; the development of global capital markets; an increase in cross-border flow of money
Fourth Phase	1980s-2000	Growth of speed and vehicles of telecommunication; increased efficiencies of manufacturing; the effective provision of consulting and other services; the privatization of state-owned enterprises; the dominance of emerging markets	Growth in cross-border trade of products, services and capital; the rise of small and medium enterprises (SMEs) and international entrepreneurship; the formation of trade regions
Fifth Phase	2000 onwards	Realization of a global, interconnected world; the immense power of global enterprises	Increased focus on sustainability and social responsibility of MNEs; decreasing role of national governments; emergence of voluntary international organizations that monitor international business and trade

**Table 2- The Demise of Distance**

<b>Time Period</b>	<b>Fastest Transportation was Via</b>	<b>At a Speed of</b>
1500-1840s	Human powered ships & horse-drawn carriages	10 miles/hr
1850-1900	Steamships & Steam Locomotive Trains	36 Miles/Hr & 65 Miles/hr
Early 1900s-Today	Motor Vehicles, Propeller Airplanes & Jet Aircrafts	75 miles/hr, 300-400 miles/hr & 500-700 miles/hr

*Source:* Adapted from Dicken (1992). *Global Shift*. New York: Guilford, p. 104.

During the turn of the 20th century, it has been argued that economic and technological trends of that time implied the emergence of a “new world” and that the invention of the steam engine, electricity, and the telephone offered major challenges to relatively static and homogeneous forms of local community life that had long represented the main arena for most human activity. At about the same time economic activity increasingly transcended the borders of local communities while the steamship, railroad, automobile, and air travel considerably intensified rates of geographical mobility. Some argued that the compression of distance posed fundamental questions for democracy. It has been observed that increasingly dense networks of social ties across national borders rendered local forms of self-government ineffective. New high-speed technologies attributed a shifting and unstable character to social life, as demonstrated by the increased rates of change and turnover in the economy. This lack of stability raised questions regarding democracy and governance in constantly moving and changing communities, countries, and regions.

**As of the beginning of the 21st century, the determinants of globalization become clear:**

First, globalization is associated with deterritorialization, since a growing variety of social and economic activities take place irrespective of the geographical location of participants due to advances in telecommunication, digital computers, and video-conferencing.

Second, globalization is associated with social interconnectedness across existing geographical and political boundaries. This interconnectedness is important as it affects not only distant events but also impacts local and regional events. As an example, the United Nations might be making decisions based on facts and figures collected globally, which then affect events in a particular community, country, or region.

Third, globalization relates to the speed or velocity of activities. The networking and expanding of activities across national borders is based on fast flows and movements of human resources, information, capital, goods and services.

Fourth, while globalization may describe a state of affairs at any one time, it should be considered also as a process whereby the rate of change in the degree of deterritorialization, the measure of interconnectedness, and the velocity rate of activities is constantly on the rise, leading to the current degree of globalization. For example, the advent of mobile commerce – the execution of commercial transactions over the internet using cell phones – increased the rate and efficiency of commercial transaction processes.

All four of the above determinants affect both the rate of change and the degree of globalization. All of the above points clearly depicts one thing in common that for any kind of commercial applications or business deals, one must localize.



### **Methodology**

Research work carried out for this paper is secondary and through a variety of International journals, trade magazines, research papers, web links on globalization, books etc.

### **Framework, Findings & Discussions**

This covers the main crux and the content of chosen theme for this paper: Thinking Global Acting Local mantra adopted by companies worldwide to become global leaders and successful.

Under this segment the act of going global framework is covered wherein multinational firms act on in local style adapting the needs and the specific requirements of a particular region or a group and strategize their products or services accordingly.

As mentioned earlier that any organization thrives on two essential things namely increase in production and profits. And both involves people be it the Global markets, global production, global resources, global supply chains and global management skills.

Following frame work in the form of Table-3 brings out the Factors & Implications of Market Globalization:

<b>Factors contributing to Business Globalization</b>	<b>Impact of Business Globalization</b>	<b>Social Implications of Business Globalizations</b>	<b>Corporate Implications of Business Globalization</b>
Reduction of barriers to trade	The formation of regional economic and trade blocs	Loss of national identity and sovereignty	New business opportunities
Increase of International capital transfer and Investment	Interdependence of national economies	Increase in outsourcing, causing loss of jobs	Emerging implications of global supply chains (alternative sources of supply, etc.)
Transition to market-based economies	Growth of foreign direct and portfolio investments	Increase of the gaps between rich and poor	New corporate competitive environment – global and interconnected
Privatization of state-owned enterprises in former Soviet Union countries	The emergence of global supply chains of multinational corporations	Increased impact on sustainability and the environment	Higher exposure to economic, political, and business risks
Adoption of free trade in China	Convergence of worldwide consumer expectations and preferences	Increase influence of globalization on local culture and heritage	More sourcing and outsourcing opportunities
Industrialization, economic development, and modernization			<b>Going GLOCAL the need of the hour</b>
Technology advancements			

**Globalization and Business:** We wake up in an IKEA made bed ([www.ikea.com](http://www.ikea.com)), are clothed with a suit made in Hong Kong ([www.samstailor.com](http://www.samstailor.com)), and briefed upon waking up by the Cable News Network ([www.CNN.com](http://www.CNN.com)) to news editions generated in Atlanta, Hong Kong or London.

We visit our e-mail messages or sign on to a Skype voice and data service ([www.skype.com](http://www.skype.com)), designed and launched in Europe and acquired by North American based eBay ([www.ebay.com](http://www.ebay.com)), using a computer, assembled in Mexico (in order to reduce tariffs on importing to the USA), with Puerto Rico's Intel-manufactured chips ([www.intel.com](http://www.intel.com)) and a Centrino chip designed in Israel and equipped with Microsoft software compiled in Israel ([www.microsoft.com](http://www.microsoft.com)). Once at the breakfast table, we enjoy citrus juice imported from Spain or Mexico by Chiquita international



fruit producer and marketer ([www.chiquita.com](http://www.chiquita.com)) and coffee made by the regional Nestlé manufacturing facility ([www.nestle.com](http://www.nestle.com)), a Swiss-based company that spans the globe and touches almost all countries in the world.

When developing a global strategy, don't underestimate the importance of knowing your customer and the culture of your target market. Apart from understanding the general differences, behaviour drivers and trends, it is imperative to the success and growth of your company to adapt and be flexible with your approach. Creating a global business by establishing local roots will attract, engage, satisfy and help retain customers essential to your rapid and continuous growth. The following key steps are essential for a successful global strategy implementation:

**Act local**—for a company to become a truly global enterprise, it has to localize the way it thinks and acts.

**Localize**—a “one size fits all” strategy may make assumptions that miss the opportunity to engage and identify customers' needs.

**Observe**—by observation, you can explore the habits, beliefs, behaviors and values of your target customers that can enhance the local customer experience with a newfound multicultural awareness.

Start building your global market penetration strategy by asking all the rights questions:

Do you have managers with local knowledge and language skills who can negotiate and prevent cultural misunderstandings?

How can you demonstrate a respect for local outlooks, priorities and traditions?

Can you adapt your offering to make them suitable for local needs?

Can you customize your global message for local meaning, markets and cultures?

Are there local linguistic or ethnic preferences and tastes? What behaviors drive local customer buying habits?

And to all the Questions above the key answer lies in the skill of adapting to “The” local needs and preferences of the customers who are your ultimate target.

**Examples & Cases of Successful Companies who have adapted the ‘Golden Mantra’ of Going Global but Acting Local; as a Paradigm for achieving Global Business Excellence:**

Case 1) The Yum! Brands US-based Company **KFC** is one of the most popular fast-food restaurants in the nation and has had significant market share growth outside of United States. KFC's global growth strategy was easy: Expand by staying local!

Understanding the local cultural, economic and regulatory differences becomes a key element in any global business strategy. Let's take a look at KFC's market penetration success story in China, for example. With its "Go Global, Act Local" market penetration strategy, KFC adapted their fast-food model to fit the Chinese market by positioning itself as a native company, not a foreign. Specifically, KFC's success in China was accomplished by taking the following strategic steps: First, KFC identified customers' likes and dislikes at the local and cultural level. Besides chicken, it serves food that appeal to Chinese tastes, items you'd never find on an American KFC menu: chicken with Sichuan spicy sauce, rice, egg tarts, and soybean milk. It is also part of the Chinese culture to eat in groups, so KFC offers larger dishes for sharing.

Second, KFC hired managers who read and speak the local language, who understand the Chinese consumer, the restaurant trade, as well as the Western way of doing business. And finally third, KFC carefully followed Chinese strict foreign investment laws and entered into Joint Ventures with local producers – a departure from its traditional US based franchise approach. Although Chinese market often represents a huge risk for many foreign companies, KFC's "Go Global, Act Local" market penetration strategy created and filled an untapped marketplace by identifying and prioritizing cultural, business and regulatory sensitivity.

Since opening its first store in Beijing in 1987, the KFC has grown to over 3,800 locations in 800 cities with finger lickin' performance. Colonel Sanders' recipe was secret, but KFC's success in China is not.

Case 2) **Airbnb**- Airbnb is the Craigslist of apartment rentals. The company, launched in 2008 out of San Francisco, has taken its national **service to 192 countries** for users to rent short-term apartments from other users. How did this start-up grow up so quickly? The simple but creative answer is unlike its competitors, Airbnb has a fun, more user-friendly website that showcases the brand's transparent, trusting personality.

**The website is now available in 21 languages** with consistent information, style, and personality to appeal to like-minded users across cultures. Notice the carryover between this page, for example: If one looks at Airbnb's mobile app page in both German and English. The brand tailored the headline to fit the language: in English, it reads '...at your fingertips' but in German it reads '...on your cellphone' using the less formal term for cellphone, 'Handy'. The brand tweaks its content to best suit the culture, but it's still obvious which brand you're interacting with regardless of language. And I think this global focus is working -- in 2011, **Airbnb rentals in Italy saw a 946% increase and the UK at 748%**. The company also opened **9 overseas offices in the past 4 years** to accommodate its growing global presence. Having a strong, consistent voice across languages is a key factor when going global.

Case 3) **Durex**- The UK-based condom manufacturer is number one in the industry with **34% market share across 130 countries**. Sure, sex sells, but how does Durex sell such a taboo product in foreign countries? All jokes aside, Durex is sure to play it safe. The company developed an internal platform for its marketers from different countries to connect and discuss the brand's presence overseas.

Anna Valle, head of global marketing for Durex, said of the online community, "It will help us to share the global vision, to engage, and be more consistent." Discussion among marketers fuels **localized campaigns** with an overarching brand personality -- risqué. For example, check out this recent image Durex shared on Sina Weibo after President Obama had been re-elected. (**Fair warning:** if you don't like raunchy and/or political humor, don't click.) 12 hours after being posted, **the image was forwarded 43,000 times with over 12,000 comments.**

Case 4) Probably the Best Pick: **Mc Donald's**- We all know it's a successful global brand, so unlike their menu, I'll keep it light. While keeping its overarching branding consistent, McDonald's practices 'GLOCALI' marketing efforts.

No, that's not a typo. McDonald's brings a local flavor, literally, to different countries with region-specific menu items. In 2003, McDonald's introduced the McArabia, a flatbread sandwich, to its restaurants in the Middle East. You can also find the McVeggie in India or the EBI-Fillet-O shrimp burger in Japan. This glocal approach has helped put McDonald's at #7 on Interbrand's Best Global Brands 2012

Case 5) **Coca-Cola:** Coca-Cola is a great example of a brand using glocal marketing efforts. Though a large corporation, Coca-Cola focuses on small community programs and invests a lot of time and money in small-scale charity efforts. For example, in Egypt, Coca-Cola has built 650 clean water installations in the rural village of Beni Suef and sponsors Ramadan meals for children across the Middle East. In India, the brand sponsors the Support My School initiative to improve facilities at local schools. Not to mention, the brand sticks with selling an emotion that can't get lost in translation: happiness. And all these initiatives are taken well in execution in the very local style.

#### **Discussions on the selected paper Theme: Viewpoint:**

*Keith Moor, director of brand and communications, Santander*-Fundamentally, Santander's business is built around understanding customers. The first thing it does when it comes into a market is to get to understand the customer base better than the business it's buying. This idea of having your business built on your customers is a thing that applies to all the markets it operates in.

Before the recession, it had a very low profile. It wasn't exposed to the kind of debt that some of the other big banks were involved in. It managed to maintain the ability to buy businesses. The UK has been a significant growth opportunity for Santander but it has taken opportunities elsewhere too – it bought Sovereign in the US, for example.

In our case, brand consistency has been key. The temptation to change Abbey, Alliance & Leicester and Bradford & Bingley more quickly was there, but we needed to take our customers on a journey. Santander was gradually introduced to them. It was successful because people weren't surprised at what we were doing – it made sense to them. They've got access to more branches so it works for them.

**Although we have a global brand policy, we also reflect local attitudes, behaviors and nuances. We allow our businesses to have local strategies, which are reflective of the customer, rather than having a monolithic policy.**

New global brands are unencumbered by rigidity and process and formality and structure. They're not overly trapped by it, but at the same time we have our own growing pains. We're aggressive, full of ideas, we want to get things done now, we're impatient and that brings with it a level of enthusiasm and energy. With that comes the need to take stock sometimes and think about how we grow as a business globally. Growth all the time is fantastic but you have to ensure you're not leaving your customers behind.

**We have a very clear global brand strategy that's executed at a local level.** To maximize more value, we capitalize on global things like brand consistency, brand identity and global sponsorship. If a product or a proposition works in one market, we'll work out if it's right for consumers in another market.

The attitude towards us being a global brand has been a massive benefit. When consumers saw the company in the UK was backed by this big business that made people feel safe and secure.

#### **Case study – Global strategy: Create a strong and consistent brand culture: A small World**

A Small World (ASW) is an upmarket social network that hosts an international community of 550,000 people in more than 200 countries.

The platform offers tools and user-generated content to help members manage their private, social and business lives. Members share similar backgrounds, interests and perspectives and can find jobs, investors, collaborators, discuss ideas, get advice (especially travel related) and buy, sell, rent or swap things, from vacation homes to vintage cars. Membership is by invitation only and existing ASW members can invite a limited number of friends to the network.

"ASW was initially created to bring together on one platform a group of people who were already very connected to each other, meaning they had a lot of the same friends and generally frequented the same places," says Patrick Liotard-Vogt, chairman of ASW. The reason for its success as a global brand is that it's pitched at a very specific demographic, argues Liotard-Vogt: "Ensuring your brand remains relevant across the planet is a real challenge. As they say, 'You can only please some of the people, some of the time.'

In the case of ASW, that's all we need to do because we're going after a niche audience. Our members, whether they come from Germany or Pakistan, share a common point of view."

The rise of digital platforms and social media has revolutionized the way brands reach a more global audience, offering the ability to target the audience (age, gender, profession and so on) and to measure results more efficiently. Liotard-

Vogt explains: “In the old days a brand had to work hard and spend a lot of money to be global. Now a small brand can be global very cheaply and easily.” **2010 Brand Finance Global Top Ten Most Valuable Brands**

Rank 2010	Rank 2009	Brand	Industry group	Brand value 2010 (bn)
1	1	Walmart	Retail	41.3
2	5	Google	Internet	36.1
3	2	Coca-Cola	Beverages	34.8
4	3	IBM	Computers	33.7
5	4	Microsoft	Software	33.6
6	6	GE	Miscellaneous manufacturer	31.9
7	8	Vodafone	Telecommunications	28.9
8	7	HSBC	Banks	28.4
9	9	HP	Computers	27.3
10	10	Toyota	Auto manufacturers	27.3

## Conclusion

Therefore, as we reach the conclusion of the paper- Think Global, Act Local a must mantra for global business excellence under the apt conference theme; one trend that has emerged up is the growing need of going global by one and all in the business today and not to leave any stone unturned even in the Third World Countries, as they say.

**All Global Business is Personal** today. E-mail and teleconferences are poor substitutes for the real relationship building that can only come with face-to-face contact. In global business, that means travel, lots of it. The farther apart you are geographically and culturally from your offshore counterpart, the more important it is to meet face-to-face. Familiarity breeds good business relationships and fosters trust and mutual reliance that will spell success. When operating from your home base, be sure to make yourself available to your overseas associates at any time of the day or night. International business is not a 9-to-5 undertaking.

**The Importance of Face Time:** In today’s world of lightning speed telecommunications, taking airplane after airplane to traverse continents just to give a couple of seminars and speeches, attend a few meetings, and work on some client development might seem like a waste of time and money. Why go to the expense and trouble of traveling when my law firm has invested in a state-of-the-art telecommunications infrastructure that is designed to support and enhance our ability to conduct worldwide communications? Wouldn’t phone calls, e-mail, and videoconferencing (we are even set up to do “webinars,” seminars that can be conducted and attended from the comfort of your desktop) provide enough of an appearance of personalized interaction to accomplish the same purpose at a much lower cost?

The answer is this: Nothing compares with the time-tested up-close-and-personal approach to relationship building. A firm and friendly handshake, a welcoming smile, and a few hours of good old-fashioned “face time” is worth a thousand e-mails and videoconferences. There is simply no substitute for the energy that emanates from two individuals standing face-to-face, sizing each other up, and, more important, forming a personal bond. This is particularly true when you are developing relationships in locales far from your home office. In fact, the farther apart you are culturally and geographically from your business counterpart, the more important it is to show up in person.

The CEOs and COOs don't travel just for the sake of traveling. Most of them have been everywhere and there is no glamour in coping with jet lag, unappealing airplane food, the inevitable delays, and the other not-so-pleasant aspects of international travel even if you are flying on your own corporate jet. They get on a plane because that is what it takes to seal the deal, promote their firm, or embrace new opportunities. They know that, contrary to the famous line from The Godfather where mafia kingpin Vito Corleone explains that “It isn't personal, it's just business,” all business really is personal. And nowhere is this truer than when forging international business relationships, where you must interact with strategic partners, clients, customers, and even members of your own offshore team across geographic and cultural divides. In my experience, the most **successful global business transactions are always based on well-developed personal relationships**. The time and effort you put into bridging geographic and cultural gulfs through personal interaction will come back to you 10-fold in business success. This is true whether you are a multinational corporation opening up an office in a new overseas location, a mid-size consultancy pursuing your first transnational venture, a consumer products company exploring offshore outsourcing, or a small company or sole proprietorship seeking new opportunities abroad. When it comes to forming new business relationships overseas, size really doesn't matter. The same rules that work for the largest multinationals hold true for the smallest companies.

Finally, it must be etched in every key businessman's mind that ‘One makes No Profit, Unless One Localize’ and as I was writing this conclusion for the paper on the 30<sup>th</sup> of December, 2012 last year; my eyes caught an article from the Economic Times newspaper by Sudeshna Sen; related and perfectly matching my paper where she correctly says and I quote, “We've battled to localise enough to get our work done-because we know that if we fully integrate with the local culture, we can't work with the people back home. When you step into any brave new world, you have to meet it on its own terms and not yours.”

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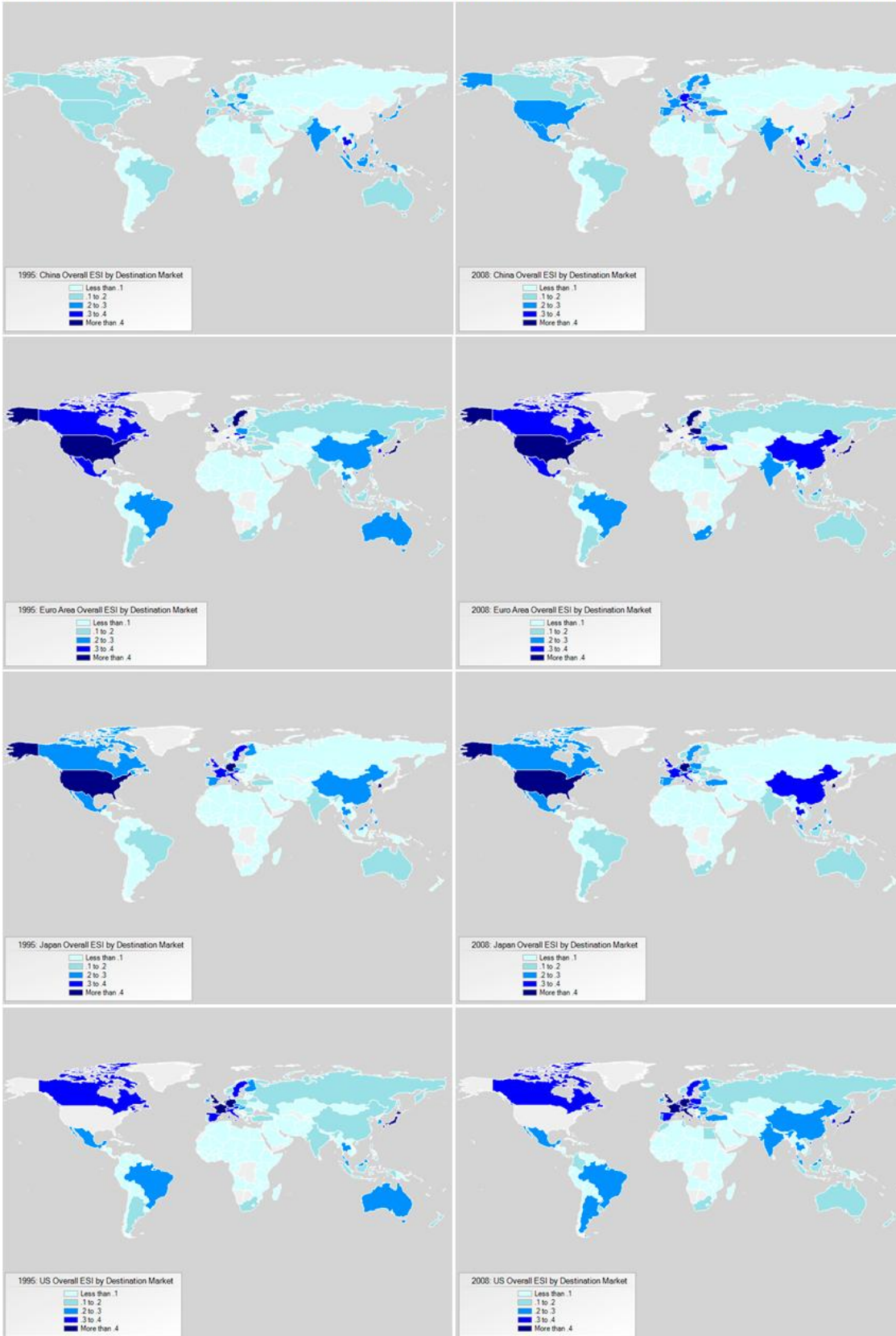
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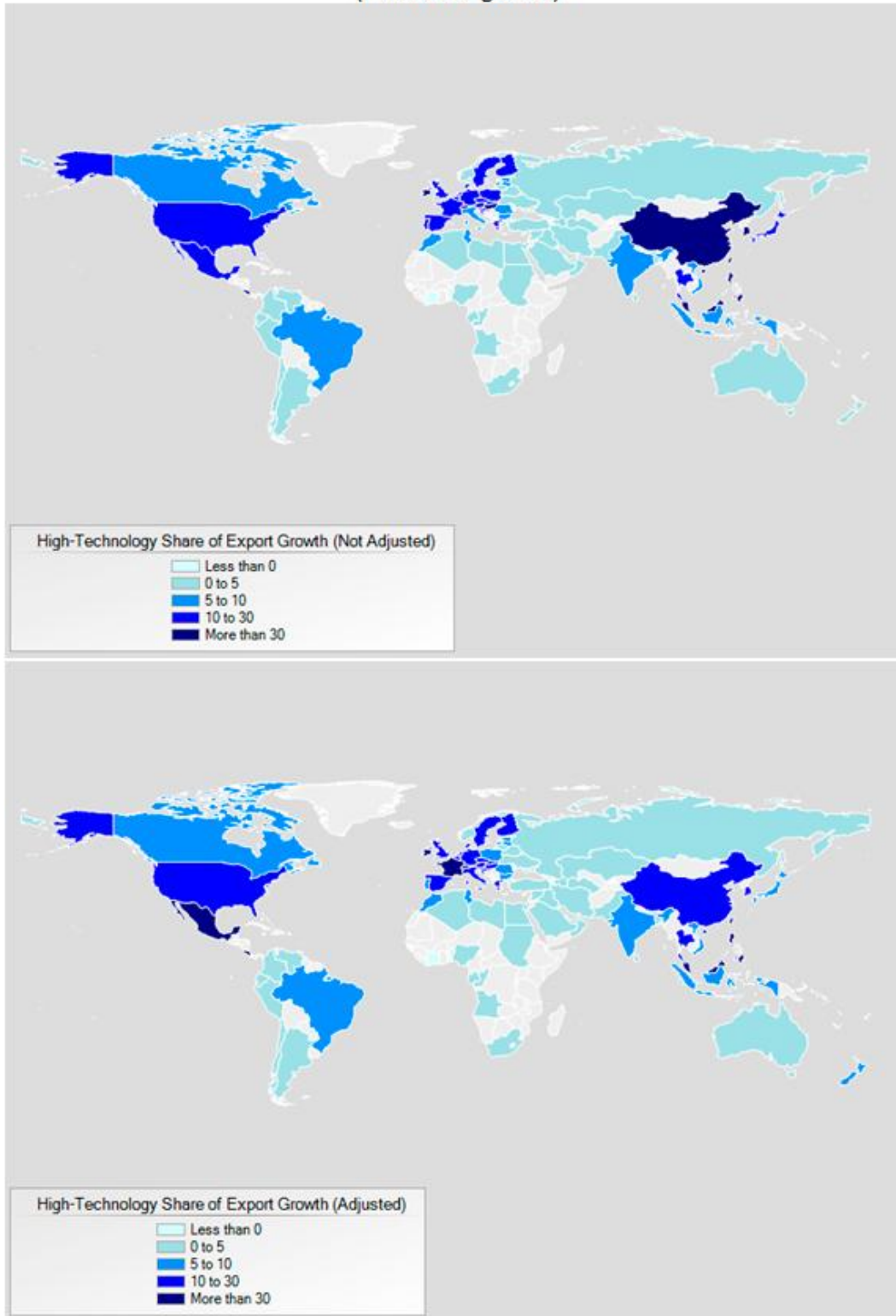
Figure 14. Export Similarity Index (ESI) by Destination in 1995 and 2008: China, Euro Area, Japan, and the United States



Source: UN Comtrade.



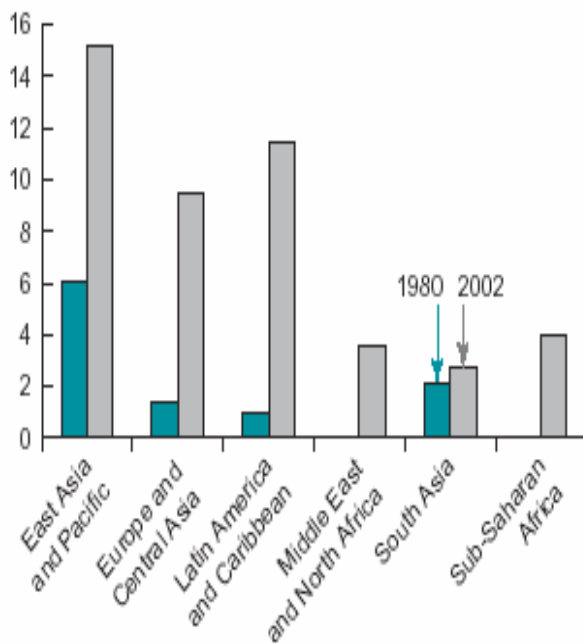
Figure 12. High-Technology Export Growth<sup>1</sup>  
(Percent of growth)



Source: UN Comtrade.

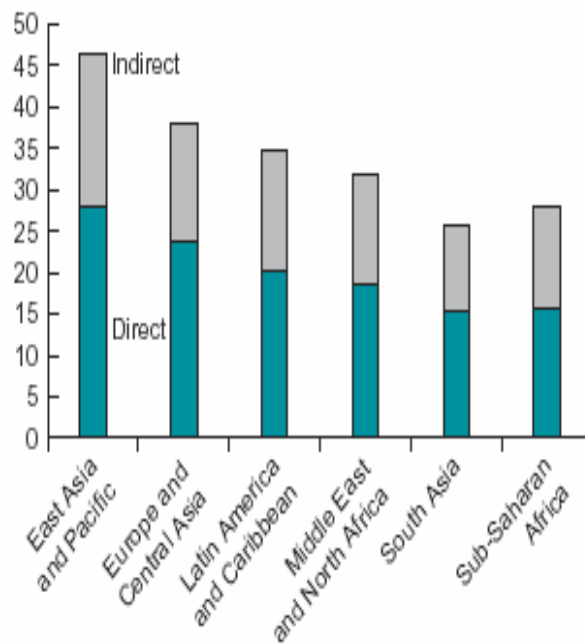
<sup>1</sup>The chart reflects the contribution of high-technology exports to the change in overall exports between 1995 and 2008 across countries.

Exports of parts and components as a share of total exports (percent)



Source: UN COMTRADE.

Import content of exports (percent)



Sources: Data from GTAP (ver. 6.03) and World Bank for 2001.

Thank you for going through the paper.

Regards,

Smita Santoki

***Financial Inclusion : A Key to Business Opportunities  
for Indian Banks***

**Mr. Vinamra Nayak**

Assistant Professor

Department Of MBA

Gyan Ganga Institute Of Technology & Sciences, Jabalpur

Email: [vinamra.lucky@gmail.com](mailto:vinamra.lucky@gmail.com)

## **ABSTRACT**

Strong and robust financial institutions are the pillars of economic growth, development and prosperity of modern economies. Even after the six decades of Independence, a large section of Indian population still remain unbanked because majority of the population resides in rural areas resulting as the the biggest challenge for inclusive growth of India. Financial Inclusion is the road which India needs to travel towards becoming a global player.

The banking industry has shown tremendous growth in volume and complexity over the last decade or so. Despite making significant improvements in all the areas relating to financial viability, profitability and competitiveness, there are concerns that much needed banking services have not reached a vast segment of the population, especially the underprivileged sections of the society. The identification of this gap has opened an opportunity for the financial institutions to do commerce with the mass of population remained untouched by bringing them into the formal financial sector.

This paper aims to highlight the importance and challenges faced in implementation of Financial Inclusion and focuses on understanding various factors which can be adopted by banks to cope up with the problem of financial exclusion. The paper also addresses the impact of implementing various measures adopted as regulatory initiatives by RBI to strengthen the present position of Financial Inclusion in India. The research is based on only publically available information which has been taken into account.

**Key Words:** Financial Inclusion, Banking Industry

## **INTRODUCTION**

The World is moving at an amazing pace thanks to the rapid advances in technologies, distances have become meaningless. Globalization has enabled the rise of global trade leading to wealth generation in developed as well as developing countries like India have immensely benefited. This has meant that there has been an increase in demand for many financial services from different financial firms. Even after the six decades of Independence, a large section of Indian population still remain unbanked because majority of the population resides in rural areas resulting as the the biggest challenge for inclusive growth of India. It is important to ensure that while the Indian economy grows rapidly; all segments of society are part of this growth process, preventing any regional disparities from derailing such growth.

In spite of having a strong financial system it has been evident that financial awareness has not been able to penetrate into the rural sections of the society. The timely availability of various banking services (like credit facilities) at an affordable cost has a big role to play in contributing to the well being of the weaker sections of the society. Proper access to finance by the rural people is a key requisite to employment, economic growth and poverty reduction which are primary tools of economic development.

Most of the un-banked or financially excluded population of India lives in rural areas; nevertheless, there is also a significant amount of the urban population of India who face the same situation even with easy access to banks. Many of the financially excluded in these areas are illiterates earning a meager income just enough to sustain their daily needs. For such people, banking still remains an unknown phenomena or an elitist affair.

While India has enjoyed growing domestic demand and globally recognized prowess in the areas of information technology, automotive, life sciences, telecommunications and even space exploration, its continued success and growth as an economic power (in common with other emerging economies) can only be assured if concrete steps are taken to ensure that the social and economic development is inclusive.

The Indian banking industry has shown tremendous growth though have not been able to reach a vast segment of the Indian population, ultimately led to the emergence of the strategy adopted to make banking activities and its benefits reach the unbanked areas known as Financial Inclusion. The identification of this gap has opened an opportunity for the financial institutions to do commerce with the mass of population remained untouched by bringing them into the formal financial sector.

### **Definition of Financial Inclusion**

Financial inclusion refers to the strategy adopted to make banking activities and its benefits reach the unbanked areas. It is a drive to bring the unprivileged people at par with the mainstream. Financial inclusion apart from concentrating on

credit facilities also highlights financial awareness, knowledge about banks and banking channels, facilities provided by banks and the advantages of using the banking route. It involves educating people financially to make them financially literate.

Reserve Bank of India have defined Financial Inclusion as the “process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by regulated, mainstream institutional players”. Financial Inclusion and Financial Literacy are considered as twin pillars where Financial Inclusion acts on the supply side i.e. for creating access and financial literacy acts from the demand side i.e. creating a demand for the financial products and services.

The supply side perspectives include: (a) the perception of ‘unbankability’ of borrowers, (b) small average size of the loan, (c) problems of distance in servicing customers of banks, (d) high transaction costs particularly when dealing with innumerable small accounts, (e) lack of collateral security, (f) information-shadow area, (g) constraints in availability of qualified human resources, (h) lack of banking habits and credit culture and, (k) inadequacy of extension services crucial to improve the production efficiency of farmers leading to better loan repayments. The demand side causes for exclusion included (a) high transaction costs at the client side, (b) documentation, (c) lack of awareness, (d) lack of social capital, (e) non-availability of ideal products, (f) low volumes (g) hassles related to documentation and procedures in the formal system, (h) easy availability of timely and doorstep services from moneylenders/informal sources and (i) prior experience of rejection/indifference of the formal banking system.

### **Importance of Financial Inclusion**

The Reserve Bank of India and government in coordination with financial institutions have been focusing on financial inclusion of Indian rural and semi-rural areas primarily for three most important pressing needs:

- ⇒ It mobilizes savings that promote economic growth through productive investment.
  
- ⇒ It promotes financial literacy of the rural population and hence guides them to avoid the expensive and unreliable financial services.
  
- ⇒ This helps the weaker sections to channelize their incomes into buying productive resources or assets.
  
- ⇒ In the situations of economic crisis, the rural economy can be a support system to stabilize the financial system. Hence, it helps in ensuring a sustainable financial system.

Several steps have been taken in recent years by Reserve Bank of India and Government to bring the financially excluded people to the fold of formal banking services. They include the following:

- Introduction of No-Frills account
- Relaxing 'Know Your Customer'(KYC) norms
- General Purpose Credit Card(GCC) schemes
- Role NGOs, Self Help Groups (SHGs), Mission on Financial Inclusion (MFIs)
- Business Facilitator and Business Correspondent (BC) Models.
- Nationwide Electronic Financial Inclusion System(NEFIS)
- Project Financial Literacy
- Financial Literacy and Credit Counseling(FLCC) centers
- National Rural Financial Inclusion Plan(NRFIP)
- Financial Inclusion Fund(FIF)

### **Aims & Objectives**

This paper aims to highlight the importance and challenges faced in implementation of Financial Inclusion and focuses on understanding various factors which can be adopted by banks to cope up with the problem of financial exclusion. The paper also addresses the impact of implementing various measures adopted as regulatory initiatives by RBI to strengthen the present position of Financial Inclusion in India.

### **Research Methodology**

The research is based on only publically available information which has been taken into account. In order to fulfil proposed objectives, data on various facts related to the concept of Financial Inclusion is been presented with the help of literature review. The data is collected using secondary method to fulfill different issues related to research topic from the published articles, journals, reports, websites, blogs and academic literatures.

### **Literature Review**

Financial inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner by mainstream institutional players. Financial inclusion has become one of the most critical aspects in the context of inclusive growth and development. The Rangarajan Committee (2008) defined, financial inclusion as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost."

Banks play an important role in meeting credit need of people. More studies have attempted to analyse the role of commercial banks in financial inclusion for sustainable development. Banks have adopted several strategies to expand the outreach of their services in order to promote financial inclusion. One of the ways in which this can be achieved in a cost effective manner is through forging linkage with micro finance institutions and local communities. Banks should give wide publicity of no frills account. Banks need to redesign their business strategies to incorporate specific plans to promote financial inclusion of low income group treating it both a business opportunity as well as a corporate social responsibility (Leeladhar, 2006).

Ghorude (2009) has highlighted the role of banks in implementing social banking schemes to keep pace with changing social needs. He has strongly opposed any move to reduce resources allocation to priority sectors, which will have an adverse impact on the agricultural credit. He has suggested to increase higher interest rate on commercial lending and to continue concessional rate of lending to priority sectors.

Beck (2006) financial inclusion should signify access to a range of different financial services, the percentage of people in a given area with access to a bank account is the typical measuring stick for breadth of financial services. Where as Raman (2012) contributed that Financial inclusion is new paradigm of economic growth which plays a major role in driving away the poverty. Lack of access to financial services in most of rural areas due to high informative barriers and low awareness, poor functioning and financial history of financial institutions, near absence of insurance and pension service create the need and scope of financial inclusion.

Mishra (2007) Financial inclusion is a state in which all people have access to appropriate, defined financial products and services in order to manage their money effectively. It is achieved by financial literacy and financial capability on the part of the consumer and financial access on the part of product, services and advice suppliers.

According to Manoharan, Financial Inclusion is also influenced by specific credit needs of various segment people arises for a number activities such as housing, microenterprises, agriculture difficulties in accessing formal sources of credit, the poor individuals and small savings or internal resources to invest in housing, health and education, and opportunities.

### **CHALLENGES IN FINANCIAL INCLUSION**

There are few challenges which the Reserve Bank of India has identified to be concentrated on by the financial Institutions in order to promote the formal financial system. They are:

**(a) Spatial Distribution of Banking Services:** Even though after often emphasized policy intervention by the government and the concerted efforts of Reserve Bank of India and the public sector banks there has been a significant increase in the number of bank offices in the rural areas; but it is not in tune with the large population living in the rural areas. For a population of 70% only 45% of bank offices are providing the financial services.



**(b) Regional Distribution of Banking Services:** There has been uneven distribution of the banking services in terms of population coverage per bank office in the six regions viz; Northern, North-eastern, Eastern, Central, Western and Southern regions of the country.

**(c) Bank Branches** are required to be increased as it has a direct impact on the progress of financial inclusion. It is clearly established that as the bank branches increase number of bank accounts also increase significantly.

**(d) Overcoming Bankers' Aversion for Financial Inclusion** Even though no banker openly expresses his aversion for the financial inclusion process, overtly it can be noticed that they are averse to it in view of the cost aspects involved in opening of no frill accounts.

**(e) Lack of Awareness:** Irrespective of various educational plans been implemented to introduce the benefits and educate population about the various banking facilities and their advantages in the rural areas there is a constant need of additional efforts to be made to motivate people to become the part of formal financial system.

**(f) Poverty levels** are having direct relationship with the progress of financial inclusion. As such, there should be multi fold strategic approach in such poverty dominated areas for financial inclusion because there is a reverse relationship between the two i.e., the poverty levels decrease financial inclusion also increase.

**(g) SC/ST population:** It has been realised that in areas where Scheduled Castes/Scheduled Tribes population resides the progress of Financial Inclusion is slow which indicates that the efforts for Financial Inclusion has to be increased significantly in such areas in order to bring in social and economic equity in the society.

#### **FACTORS TO BE CONSIDERED BY BANKS**

Despite years of growth in the formal banking sector, they have not been able to expand their service or product portfolios. Any attempt at expanding financial inclusion will have to acknowledge that there important factors that inhibit the development of a more inclusive financial system is possible only with the active participation of the banking system. Four important factors that the banks will have to deal with include:

**(a)** The viability gap that arises due to the fact that each operation will be a matter of 'cost'.

**(b)** Recovery, especially in the rural areas will be an issue and unless the institutional framework is more efficient, it may not be an attractive business proposition.

**(c)** Financial inclusion for the banks is a miniscule part of the portfolio in the present juncture and compared to their growth rates possible in other sectors. Hence, for the banks, which have an obsession for growth, it is difficult to make a substantial shift from current policy that would accommodate financially inclusive policies beyond a point. Banks like

most of the formal institutions are not willing to spend inordinate amounts of time and resources in order to create a market.

**(d)** Banks (at least till now) view financial inclusion through the prism of existing business opportunities and often in comparison to other business segments.

### Research Analysis

Financial inclusion works from supply side of providing access to various financial services, financial education feeds the demand side by promoting awareness among the people regarding the needs and benefits of financial services offered by banks and other institutions. Financial Stability Development Council (FSDC) has explicit mandate to focus on financial inclusion and financial literacy simultaneously.

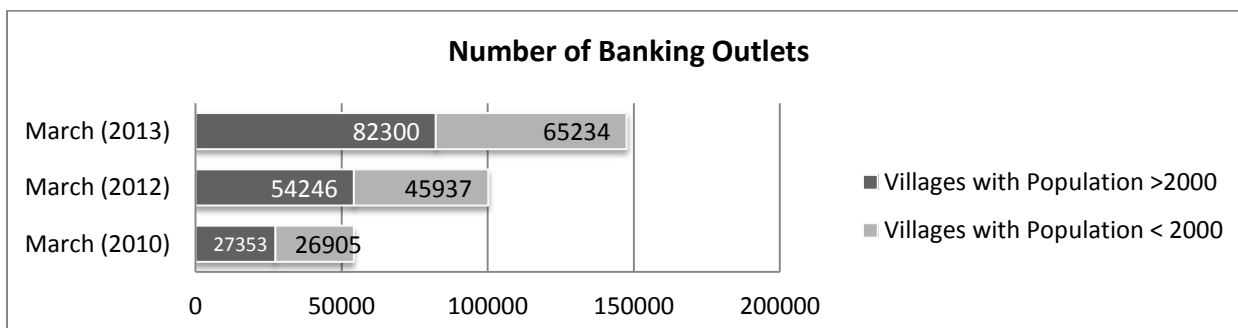
A few large private corporate have undertaken projects such as E-Choupal/ E- Sagar(ITC), Haryali Kisan Bazaar (DCM), Project Shakti (HUL), etc. Reportedly, these pioneering projects have brought about vast improvement in the lives of the participants and set the tone for economic development in their command areas; which is a pre-requisite for Financial Inclusion efforts to be undertaken by the banking system.

### Present status of financial inclusion in the country

Based on the recent statistics presented by Shri P. Vijaya Bhaskar, Executive Director, RBI during his speech on “Basic Financial Inclusion in India – An Assessment” following criterias has been extracted to highlight the present status of financial Inclusion at the present state in the Indian economy.

#### A. Number of Branches Opened (including RRBs)

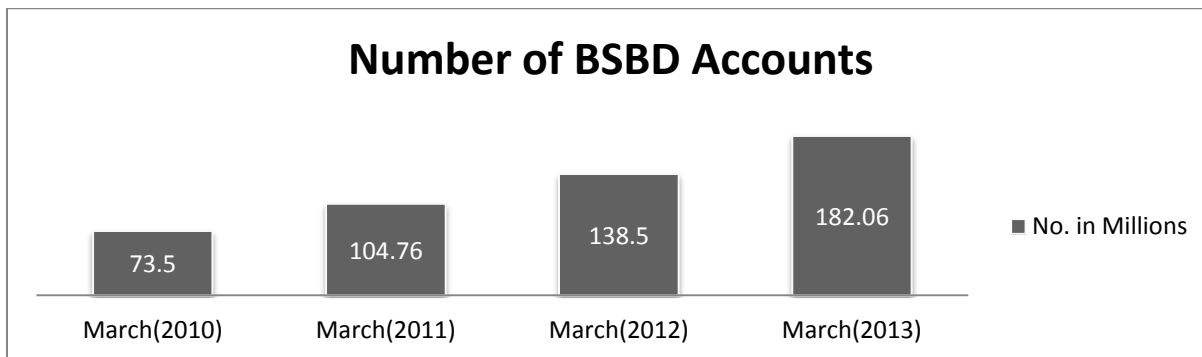
Due to RBI’s concerted efforts since 2005, the number of branches of Scheduled Commercial Banks increased manifold from 68,681 in March 2006 to 1, 02,343 in March 2013, spread across length and breadth of the country. In rural areas, the number of branches increased from 30,572 to 37,953 during March 2006 to March 2013. As compared with rural areas, number of branches in semi-urban areas increased more rapidly.



## B. Number of Basic Saving Bank Deposit Accounts (BSBD) Opened

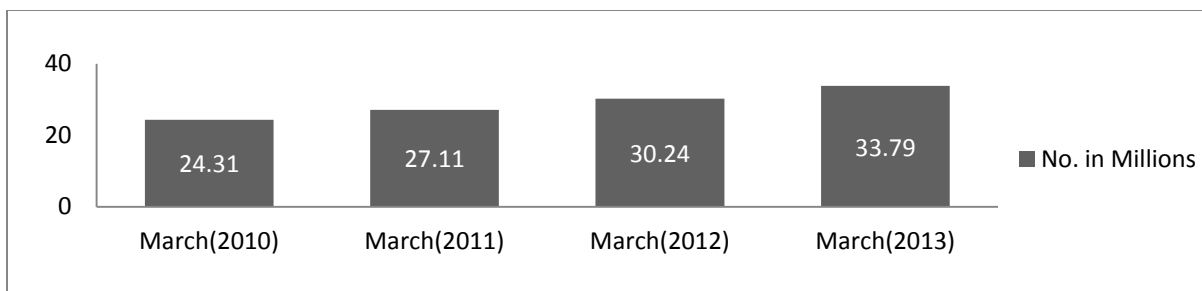
The number of BSBD accounts opened increased from 73.45 million in March 2010 to 182.06 million in March 2013. RBI advised banks to provide small overdrafts in BSBD accounts. Accordingly up to March 2013, 3.95 million BSBD accounts availed OD facility of Rs. 1.55 billion.

(These figures respectively, were 0.18 million and 0.10 billion in March 2010).



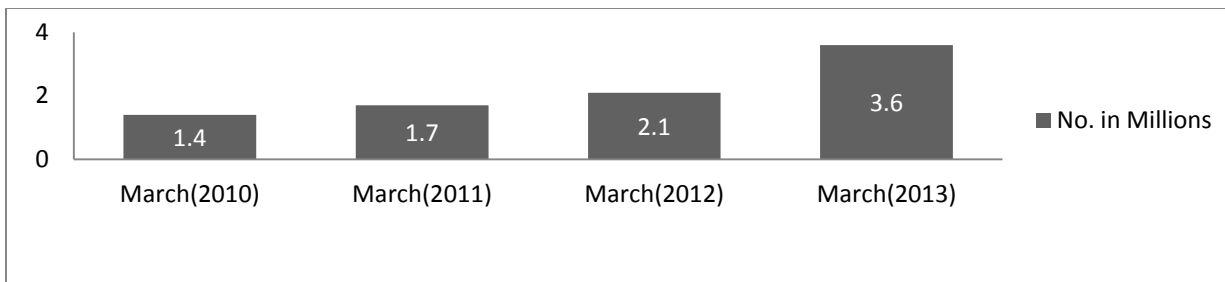
## C. Number of Kissan Credit Card Issued

Reserve Bank of India has advised Banks to issue KCCs to small farmers for meeting their credit requirements. Up to March 2013, the total number of KCCs issued to farmers remained at 33.79 million with a total outstanding credit of Rs.2622.98 billion.



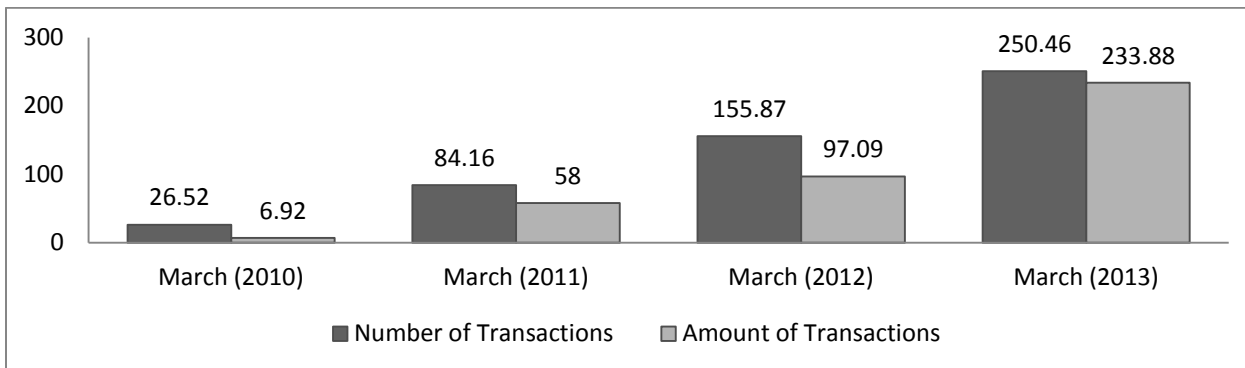
## D. Number of General Purpose Credit Card Issued

Banks have been advised to introduce General Credit Card facility up to Rs. 25,000/- at their rural and semi-urban branches. Up to March 2013, banks had provided credit aggregating to Rs.76.34 billion in 3.63 million GCC accounts.



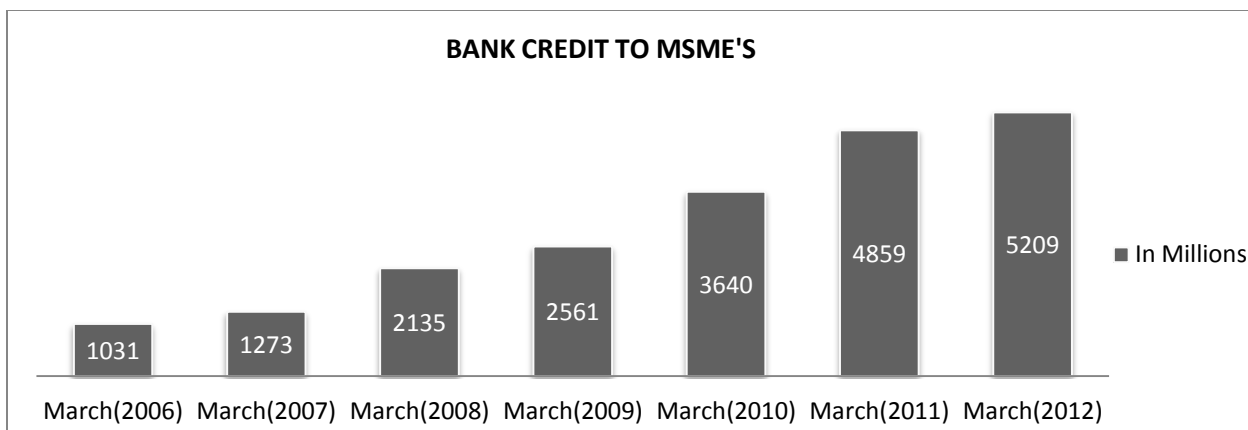
### E. ICT Based Accounts - through BCs

In order to provide efficient and cost-effective banking services in the un-banked and remote corners of the country, RBI directed commercial banks to provide ICT based banking services – through BCs. These ICT enabled banking services have CBS connectivity to provide all banking services including deposit and withdrawal of money in the financially excluded regions.



### F. Bank Credit to Micro Small and Medium Enterprises

MSME sector which has large employment potential of 59.7 million persons over 26.1 million enterprises, is considered as an engine for economic growth and promoting financial inclusion in rural areas. MSMEs primarily depend on bank credit for their operations. Bank credit to MSME sector witnessed a CAGR of 31.4% during the period March 2006 to March 2012. Of total credit to MSME, public sector banks contributed the major share of 76%, while private sector banks accounted for 20.2% and foreign banks accounted for only 3.8% as on March 31, 2012.



### Growth in SHG-Bank Linkage

This model helps in bringing more people under sustainable development in a cost effective manner within a short span of time. As on March 2011, there are around 7.46 million saving linked SHGs with aggregate savings of Rs.70.16 billion and 1.19 million credit linked SHGs with credit of Rs. 145.57 billion (Source: NABARD, Status of Microfinance in India).

### Growth of MFIs:

- Though RBI has adopted the bank-led model for achieving financial inclusion, certain NBFCs which were supplementing financial inclusion efforts at the ground level, specializing in micro credit have been recognized as a separate category of NBFCs as NBFC-MFIs.
- At present, around 30 MFIs have been approved by RBI. Their asset size has progressively increased to reach Rs. 19,000 crore as at end September 2013.

### Conclusion

For standing out on a global platform India has to look upon the inclusive growth and financial inclusion is the key for inclusive growth. There is a long way to go for the financial inclusion to reach to the core poor according to K.C.Chakrabarty RBI Deputy Governor “Even today the fact remains that nearly half of the Indian population doesn’t have access to formal financial services and are largely dependent on money lenders”. Mere opening of no-frill bank accounts is not the purpose or the end of financial inclusion while formal financial institutions must gain the trust and goodwill of the poor through developing strong linkages with community-based financial ventures and cooperative. Financial Inclusion has not yielded the desired results and there is long road ahead but no doubt it is playing a significant role and is working on the positive side.

For achieving complete financial inclusion and for inclusive growth, the RBI, Government, NABARD and the

implementing agencies will have to put their minds and hearts together so that the financial inclusion can be taken forward. There should be proper financial inclusion regulation in our country and access to financial services should be made through SHGs and MFIs. Thus, financial inclusion is a big road which India needs to travel to make it completely successful. Miles to go before we reach the set goals but the ball is set in motion. On the basis of above initiatives and projects we can conclude that a day will come when all Indians have their bank accounts and everybody will take part in financial inclusion.

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## ***Defining and Quantifying Customer Value***

**Vivek Gedam,**

**Department of Mechanical Engineering,  
Gyan Ganga Institute of Technology & Sciences Jabalpur.  
gurugedam@gmail.com**

**Sourabh Jain,**

**Department of Business Administration,  
Gyan Ganga Institute of Technology & Sciences, Jabalpur.  
sourabhjain2010@gmail.com**

**Murali Krishna**

**Department of Mechanical Engineering,  
Gyan Ganga Institute of Technology & Sciences Jabalpur  
Murali\_vamsi@yahoo.com**

## **Abstract**

“When you can put something on the floor that customer has already voted on, is when we make a lot of money”

**Mr. Birikins {committee advisor , J.C. Penney store (U.S.A)}**

In a world of increasing pressure towards cost efficiency and streamlined operations, many suppliers in business markets are finding it increasingly hard to convey their customers of the unique and superior value their offerings can provide. This is true especially in mature markets with price- lead competition as well as in blue ocean businesses with completely new offerings.

In both cases value propositions and sales pitches are often supported by vague promises of “cost reductions” or “increased efficiency” (Anderson et al., 2006), but for customer managers pressed on time, resources and results these propositions often remain unconvincing word mongering. What if firms could support their sales efforts with real, tangible evidence of the value they deliver their customers?

This study describes a customer-value hierarchy linking product or service attributes, product or service consequences and customer goals or purposes. It outlines, and discusses, the value hierarchies established for customers. At the same time it deals with the concept of net present value of customers, with the emphasize the importance of attracting and retaining customers by providing high customer value which, in turn, leads to long-term profitability and growth. Complex business environment brings so many questions to the companies. Their profitability and viability will depend on the efforts of an increasingly diverse customer value. Looking more closely at the question of customer value could help for the challenges for the new millennium. The difference between being a commodity supplier and a value- delivering supplier (and thus between low and high margins) often lies in the notion of understanding, quantifying and communicating the customer value obtained in as concrete a manner as possible.

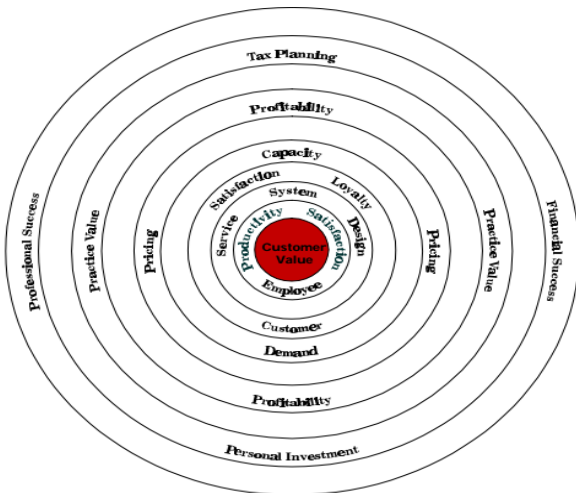
Key words: customer value hierarchy, cost reductions, increased efficiency

### **1. Introduction:**

To escape the slow but steady process of “commoditization” in many businesses, value- based thinking and approaches have gained increasing interest in recent years, and a growing number of researchers

have highlighted customer value creation and understanding as important sources of competitive advantage in the modern firm (e.g. Butz and Goodstein, 1996; Woodruff, 1997; Huber et al., 2001; Anderson and Narus, 2004) .

To understand customer pulse and respond instantly is a key to be the pioneer of market. In today's customer driven market, it is not the product or service itself that matters most but perceived value to customer of entire relationship with a company. The way companies measure the quality of their product and services, has evolved from internal quality assurance to external customer satisfaction and from there to customer value. (Chopra & Sodhi (2004))



## 1.2 Research Problem and Research Questions

The problem for any firm in business- to - business markets lies in creating an understanding of what their customer values and how the firm's offering answers to these needs in tangible, monetary terms. Moreover, the organization needs to consider how value creation is most effectively communicated and conveyed to the customer. The general research problem for the study can thus be formulated as follows:

Research problem:

How should customer value be defined, quantified and communicated in business- to - business sales?

This topic will be researched in three parts:

(i) Understanding customer value, (ii) creating a value assessment model and (iii) communicating value and using the model in the sales process.

## **2) Understanding customer value**

### **2.1 The customer value:**

Woodruff (1997, p. 142) proposes: “Customer value is a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations”.

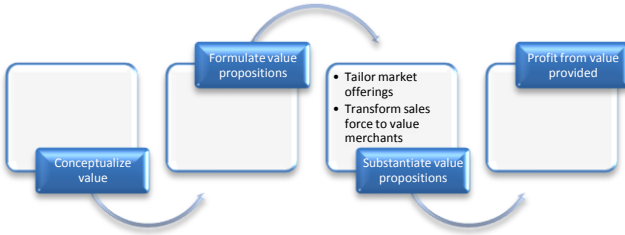
It is basically a promise of benefits from a vendor to customer we see examples of customer value propositions all the time in advertising. Companies pin point the benefits that they believe a customer will realize and display them in advertising to attract more customers.

The question is whether these propositions are made in good faith, or whether they may not be entirely true. When business leaders and others are talking about customer value, it is important that everyone at table understands that customer value that understands that customer value does not relate to value of customer, but to value that customers receive from business. Those who are talking about how valuable are customers are to business might use terms like customer retention or referred to customer base as “valued customer”.

An essential undertaking in customer value management is building customer value models, which are data-driven estimates of what a present or prospective market offering is worth in monetary terms to targeted customers relative to the next-best-alternative offering. Some suppliers have built what they regard as customer value models, but these models have the character of being “data light” and “assumption heavy”. Quite naturally, customers are skeptical of such models, claiming that they do not accurately reflect their businesses. In contrast, customer value management stresses building customer value models that are “data heavy” and “assumption light”. Wherever possible, suppliers gather data to minimize the number of assumptions made and to ensure that the assumptions that are made are reasonable. (Norman & Jansson, 2004)

### **2.2 Customer Value Management Process**

The frontrunners of value quantification and value assessment in business markets, James C. Anderson and James A. Narus, have in several books and articles developed a new business philosophy for suppliers in business markets, called customer value management. This approach focuses on gathering and analyzing data in order to derive the monetary value the supplier's offering delivers to customers. (Chen, S-C. J. (2007))

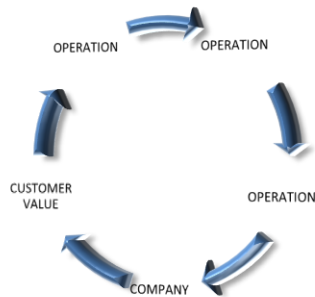


Conceptualize value	Formulate value propositions	Substantiate value propositions	Profit from value provided
It helps in defining customer value in context of specific customer and market setting	It analyzes the customer need and formulate them to fulfill them	This stage involves assessing customer value and constructing value calculators	deals with profiting from superior value through e.g. value-based pricing

**2.3 Customer value expressed as a formula:**

- Total Customer value = Product value + services value + personnel value + image value

- Total customer cost = Monetary cost + time cost + physic cost + energy cost
- Customer Delivered value = Total Customer value – Total customer cost



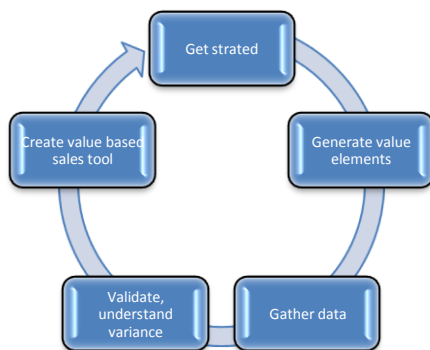
Hence forth customer value is the difference between total customer value and total customer cost, Put it very simply, customer value is created when the perceptions of benefits received from a transaction exceed the costs of ownership. The same idea can be expressed as a ratio (Christopher,1996):

- Customer value = Perceptions of benefits

### 3. CREATING A VALUE ASSESSMENT MODEL:

Value assessment model is the process of establishing the customer value elements and quantifying those elements in monetary problem.

Anderson and Narus (1998) lay out the process of value research or value assessment, consisting of five steps outlined in Figure,



#### 3.1. Getting started:

Customer segment attached with Mumbai dabbawallas is being chosen for study focusing in beginning on segment where supplier has close collaborative relationships in order to easily gain customer acceptance for collaboration & data gathering. (Cachon, G. P. (2003))

### **3.2. Generating a comprehensive list of value elements:**

The value elements sought are any elements that affect the benefits and costs of offering in context of customers business Anderson and Narus, recite benefits and related costs inherent to four different categories categories. (Kleindorfer, P. R. (2006))

a) Technical, b) economic, c) service, d) social benefits

In generating list, the entire life cycle is being taken into consideration, from acquisition and use to disposal, trying to be as inclusive as possible in terms of cost and benefit elements.

### **3.3. Gather data**

Data uncovering is carried out by focusing on a group of customer representative (persons who distribute lunch boxes), to the whole workout is for evaluating what each elements is worth to customer in monetary terms.

### **3.4. Validate model and understand variance in estimates:**

Individual customer characteristics or descriptors are documented and evaluated in terms of their effect on changes in value, usually at this stage the supplier can identify which customer it can provide the largest amount of value to and approach them in first stage. (Gaudenzi and Borghesi (2006)),

### **3.5. Create value based sales tool:**

In value selling the sales person does not base argumentation on product differentiation or understanding the customer needs, but the focus in sales situation is on delivering positive impact on customer's business.

## **4. Communicating values and using model in sales process:**

Communicating Value is defined as understanding and improving the customer's business in a proactive manner. According to Kaario et al. (2003) value- based selling can be viewed in contrast to product and solution selling in terms of both what the firm is addressing in the customer end and what customer process the selling process should focus on. Whereas product and services selling addresses customer needs and should be viewed in parallel to the customer purchasing process, solutions selling addresses customer challenges and runs in parallel with the customer use process. Value - based selling, on the other hand, tackles customer business improvements and should reflect the relevant customer business process. (Koch, C. (2004))

An important part of value communication is to build a value proposition that supports the value- based selling efforts. Anderson and Narus (2006 and 2007) recommend using value propositions based on resonating focus, i.e. highlighting the few benefits that create most value for the customer and that the firm's offering delivers in a superior manner.

#### 4.1. Value propositions examples:-

**Example I:** Reliance fresh stores they always provide reward points on every purchase you make in reliance fresh stores and these reward points offer rebate on various purchases at reliance stores. but rebate is only for purchasing in reliance stores, this is one way that customer loyalty value is measured.



**Example II:** credit card companies offer anything from airlines miles to rebate checks to merchandise points in order to shop from catalog, all of programs offer customer relationship value because they are offering something extra in addition to regular use of credit cards.

**Example III:** Nirma, the highly competitive detergents and toilet soaps market of india, is known for delivering customer value by focusing on low cost. It has adopted numerous value analyze activities to



cut down cost at competitive quality. The flat distribution network pioneered by nirma is considered to be one of the lowest cost distributions in India.

With a network of over two million retail outlet, nirma boasts of having the patronage of more than 40 million loyal consumers in India.

## **5. Study on Mumbai Dabbawalas as How They Are Earning Profit By Enhancing Customer Value**

### **5.1. Introduction**

A 125 years old industry which has achieved a growth of 5-10% annually (NY times-2007), success of this industry is a three point formula: 1) discipline, 2) code of conduct, 3) hard work.

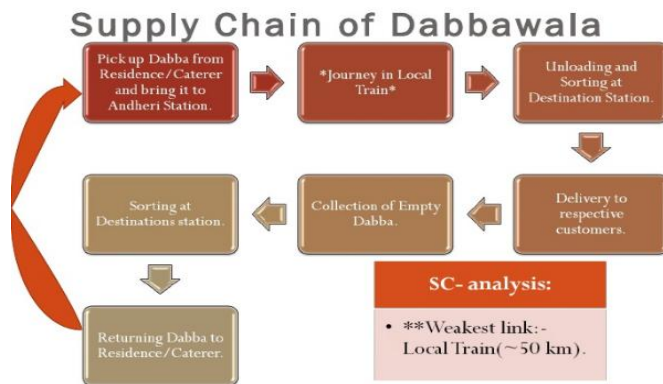
Dabbawallah, is a person in Mumbai (Bombay), India, whose job is carrying and delivering freshly made food from home in lunch boxes to office workers. The word "Dabbawala" is literally translated as "one who carries a box"; "Dabba" means a box (usually an cylindrical aluminium container), while "wala" is a term of reference to the preceding word (literally translated, the closest meaning would be "tiffin-man"). Though the profession seems to be simple, it is actually a highly specialized trade that is over a century old and has become integral to Mumbai's culture. The dabbawala originated when India was under British rule: many British people who came to the colony didn't like the local food, so a service was set up to bring lunch to these people in their workplace straight from their home. Nowadays, Indian business men are the main customers for the dabbawalas, and the services provided are cooking as well as delivery.

### **5.2.The complex working structure:**

Mumbai is a densely populated city with a huge flow of traffic. Because of this, lengthy commutes to workplaces are common, with many workers traveling by train. Instead of going home for lunch or paying for a meal in a café, many office workers have a cooked meal sent by a caterer who delivers it to them as well, essentially cooking and delivering the meal in lunch boxes and then having the lunch boxes collected and re-sent the next day. This is usually done for a monthly fee. The meal is cooked in the morning and sent in lunch boxes carried by dabbawalas, who have a complex association and hierarchy across the city. A collecting dabbawala, usually on bicycle, collects dabbas from homes or, more often, from the dabba makers (who actually cook the food). The dabbas have some sort of distinguishing mark on them, such as a color or symbol (most dabbawalas are illiterate).

The dabbawala then takes them to a designated sorting place, where he and other collecting dabbawalas sort

(and sometimes bundle) the lunch boxes into groups. The grouped boxes are put in the coaches of trains, with markings to identify the destination of the box (usually there is a designated car for the boxes). The markings include the rail station to unload the boxes and the building address where the box has to be delivered. At each station, boxes are handed over to a local dabbawala, who delivers them. The empty boxes, after lunch, are again collected and sent back to the respective houses.



### 5.3 Economic analysis

Everyone who works within this system is treated as an equal. Regardless of what function a dabbawala, everyone gets paid about 4,000 rupees (which equals around 50 British pounds), not a lot of money when one considers that they also return the lunch's packaging to the home.

More than 175,000–200,000 lunches get moved every day by an estimated 4,500–5,000 dabbawalas, all with an extremely small nominal fee and with utmost punctuality. According to a recent survey, there is only one mistake in every 6,000 deliveries. In fact, the American business magazine Forbes gave a Six Sigma performance rating for the precision of dabbawalas. This rating indicates a 99.99999 accuracy percentage of correctness, meaning one error in every six million transactions—an astonishing (and perhaps unbelievable) degree of exactness.

### 5.4 Uninterrupted schedule services given to customers:

The service is uninterrupted even on the days of extreme weather, such as Mumbai's characteristic monsoons. The local dabbawalas at the receiving and the sending ends are known to the customers personally, so that there is no question of lack of trust. Also, they are well accustomed to the local areas they cater to, which allows them to access any destination with ease. Occasionally, people communicate between home and work by putting messages on chits inside the boxes. Of course, this was before the telecommunications revolution. The main reason for their popularity could be the Indian people's aversion to fast food joints and love of home

made food. Some of them have delivered lectures in top B-schools of India. The BBC has produced a documentary on Dabbawalas, and Prince Charles, during his visit to India, made a point to visit them (he had to fit in with their schedule, since their timing was too precise to permit any flexibility). Dabbawalas have been practising this art for more than a century. Tiffin is an old-fashioned English word for a light lunch, and sometimes for the box it is carried in. Dabbawalas are sometimes called tiffin-wallas.

In Hong Kong, from the time of the mass influx of people from China during 1945 - 1950s, until people got richer in the 1970s, the same tradition of tiffin carriers existed as in Mumbai. Typically tiffin boxes were coloured with flowers and other devices for the factory workers lunch.

### **5.5. How dabbawallas are managing customer values to earn profit:**

They are the perfect managers who keep pace with the market they have a 0% attrition rate and a 100% retention rate, majorly they keep their operational cost as low as possible so that middle class of Maharashtra can advert their services easily, to keep their operational cost low they have to maintain capital investment bare minimum.

They charge only 400 rupees per month for delivery. Sentence by a dabbawala on why they charge so less, He said his customers are poor. I asked him how much he earns; he said Rs 6000-7000 or Rs 8000-9000 a month. If they want more income, they work extra. Dabbawala then gave me an example of a teacher, who earns only Rs 5000 per month as a government rule.

They have a slogan: **“Just serve your customer nothing else”**

They treat customers not as raja but maharaja, their takeaways are passion, commitment, consistency, 100% execution, accuracy, dedication, time management and customer satisfaction. These qualities are there in every dabbawala, in all 5000 of them.

There's a group of people called Varkari Sampradaya in Maharashtra; they are the devotees of Lord Vitthala and there's a place called Pandharpur, the town of the temple of Vitthala. When they go to that place, they wear a 'tulasi mala'. And when a person wears this mala, he will never drink or smoke because Lord Vitthala doesn't like it and the same principle is brought into practice here. Dabbawalas feel that their customer is their Lord Vitthala. These people are poor, they are working in difficult situations, they are not qualified and they don't use technology, and yet, they possess all these qualities and work with passion and commitment. They are only average literate but they have managed to achieve a Six Sigma quality rating, which means only one wrong service in a 6 million deliveries. ( B, K. Ray, C. Apte, K. McAuliffe, and E. Cope)

### **5.6. No stupid excuses:**

Time is very important and it is possible to be punctual if you have a strong structure. Dabbawalas don't know the meaning of structure, but they are punctual at their work.

They will never tell you that "the trains are late today," and even if Mumbai trains are late, the tiffins can't be late. The dabbawala knows that if he's not going in time, his customer will eat outside food, pay money for it and waste time. The dabbawala knows the consequences of going late. So he always goes on time. The people of Mumbai say with confidence that "our lunch can go wrong but not the Mumbai dabbawalas."

### **5.7. Impact The Dabbawalas Have:-**

Prince Charles came to Mumbai in 2003. Six months before his visit, Mr. Jeetendra Jain, in the British Council of India, contacted dabbawala to arrange a visit. Dabbawala first refused and then, after realizing that Prince Charles is Britain's royalty in the manner of a king, he agreed, but, with two conditions. First one was that Prince Charles should come at the Dabbawala's convenience — between 11 and 11.40 because that's when they're free. Second, Prince Charles must go to Dabbawala himself. Where to? The footpath. Prince Charles accepted these conditions. Richard Branson came to Mumbai. He wanted a photo with Dabbawala to put it up in his office in London to send a message to his employees to work like Dabbawalas. That's the impact of Mumbai Dabbawala. There was an inauguration of a book written by Shobha Bondre. This was inaugurated by the then Chief Minister of Maharashtra, Mr. Vilasrao Deshmukh. The chief minister said that for every program he goes an hour late but for a dabbawala program he came 5 minutes early because he was scared that if he came late the Dabbawalas will go away. This is the impact of Mumbai dabbawalas.

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